

The NATIONAL UNDERWRITER

DON'T BUILD A SNOW MAN



It's a lot of fun to build a snow man—and an easy job, too. Roll several balls of snow and put them together, throw in a few odds-and-ends... and there he is! To his creators, he represents a fitting reward for their efforts—*today*! But what of tomorrow... a snow man just doesn't have any future! Unlike the builders of a snow man, those whose efforts create a successful business must give serious consideration to the future. Thus a strong and permanent foundation is of primary importance. This is a combination of which the North River Insurance Company feels qualified to boast. To you, it means sound policy—strength and endurance of the company—plus the kind of cooperation to which you are entitled. Would these assets be of value to your business? We'd like nothing better than to have the opportunity of answering this question for you.

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THURSDAY, JANUARY 25, 1940



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The **NATIONAL
UNDERWRITER**

Forty-fourth Year—No. 4

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JAN. 25, 1940

\$4.00 Year, 20 Cents a Copy

**Revision of Single
State Reporting
Forms Expected****Attention Focused on
Subject by Nason Talk
in San Francisco**

Revision of the present single state reporting forms is confidently expected by middle western fire insurance executives. It is thought probable, or at least it is hoped, that the revised forms will be uniformly adopted throughout the country. Discussion to this end has been under way for some time, but attention was focused on it by the talk last week of H. W. Nason, assistant Pacific Coast secretary America Fore group, before the Fire Underwriters Forum at San Francisco. The general sentiment in the middle west is that revision and particularly uniformity would be highly desirable, but that the evils mentioned by Mr. Nason, wherever they exist, can be corrected only by proper action on the part of the companies and not by changing any form. All such evils, they believe, are not inherent in any form, but in the administration.

The provisional reporting forms used on the Pacific Coast, to which Mr. Nason specifically referred, differ to a considerable extent in wording from forms A and B, used by the Interstate Underwriters Board and also used generally for single state risks in the east and middle west, but in intent and effect they are substantially the same. An important difference, however, is that the Pacific Coast provisional reporting forms can be used for risks having only one location, whereas forms A and B require two or more locations.

Differences Between Forms

The deposit premium for form A in the east and middle west is 75 percent of the premium for the limit of liability at each location, figured at the specific rates, while the deposit premium for Pacific Coast provisional reporting form No. 1, which corresponds to form A, is 50 percent of this sum. Minimum deposit and retained premium is \$100 per policy in each case. The Pacific Coast forms may be written for three years if they cover property eligible for term rating, whereas the eastern and middle western forms may be written for one year only. Otherwise, the forms are substantially the same.

A reporting form for an assured with only one location is regarded by eastern and middle western underwriters as the most pressing need. Such a form already exists on the Pacific Coast. In the middle west the merchandise and fixture form may be written at one location. This form, which is the subject of much uncomplimentary comment in

(CONTINUED ON PAGE 16)

**HOLC Issue Is Now
Approaching Determination****Cancellation Clause in
Existing Policies Is Waived
By the Insurers**

The news service of the Federal Home Loan Bank Board has made this release: "The insurance associations carrying fire insurance on the properties of the Home Owners Loan Corporation and those of many of its borrowers have agreed to waive the cancellation clause covering existing contracts to permit the HOLC to make new contracts in the near future, the Federal Home Loan Bank Board announces.

"A deadline of Feb. 15 therefore has been set for the submission of all proposed contracts, officials of the board said. Full consideration will be given to all proposals received prior to that date, but future negotiations will be confined to companies or groups of companies which observe the deadline.

Keen Interest Shown

"Both stock and mutual companies have shown keen interest in the HOLC insurance, according to officials of the bank board, and a series of conferences and a large volume of correspondence with insurance officials have resulted in definite progress. The bank board reiterated that proposals for the insurance—the largest single item of fire insurance written in the United States—are open to all stock and mutual companies, or groups of companies, writing insurance in this country.

"For the past several years, HOLC insurance has been placed through the Stock Company Association and the Mutual Company Association. On Oct. 13, 1939, the bank board gave notice to the two associations of cancellation of the existing contracts, to take effect May 1, 1940. In negotiations which followed, however, both associations agreed to waive the May 1 cancellation clause to allow the HOLC to make new contracts as soon as they could be agreed upon.

Charges Costs Excessive

"The bank board feels that past HOLC insurance costs have been excessive in proportion to the risks involved and that any new agreements should represent a substantial modification of terms, both in the interest of borrowers and in protection of public funds entrusted to the corporation's care. Its views were expressed to representatives of the Stock Company and Mutual Company Associations and the National Association of Insurance Agents in conferences last month and subsequently announcement was made that all insurance carriers were eligible to propose contracts.

"Complete information regarding the scope and type of fire insurance coverage is available for any interested fire insurance carrier. The contracts will cover insurance on all properties acquired by the corporation through foreclosure and also insurance on behalf of

(CONTINUED ON PAGE 16)

**Corporation Makes Avail-
able to Insurers Informa-
tion Pertinent to Contracts**

The Home Owners Loan Corporation has made available to insurers information regarding the number of properties that it owns by states and by regions, the number of active accounts by states and regionally, the estimated future volume of accounts, the insurance record since 1935 and certain other information that is intended to aid the companies in submitting bids for insurance contracts to replace the existing arrangements through the Stock Company Association and the Mutual Association.

The total insurance premiums paid by the HOLC from June, 1935, to May, 1939, was \$7,641,321. The losses for that period amounted to \$1,477,738. The premiums on properties owned by the HOLC were \$2,275,000 and the losses \$564,609. The insurance premiums on properties where the HOLC holds the mortgage and orders the insurance were \$5,366,321 and the losses \$913,129. The losses incurred to premiums earned for four years from 1935 to May 1, 1939, on business placed with the Stock Company Association was 32.45 percent on all business, including tornado and extended coverage. The loss adjustment expense was 3.17 percent.

Average Nationwide Rate

The average annual nation-wide fire rate is given by the HOLC as .2648 and the average three-year fire premium per policy at \$30.55. The average amount of insurance in force per risk on property owned by the HOLC is \$4,632 and for the risks on which the HOLC holds the mortgage and orders the insurance \$2,396.

The highest amount insured in one risk is \$14,000.

The suggestion has been made that on property owned by the HOLC a bid should be submitted at an average flat rate for the entire country. All accounting information can be secured through use of statistical equipment in the HOLC office. In regard to property on which the HOLC holds a mortgage and orders the insurance, the suggestion has been offered that the mortgagee's interests be covered under a blanket arrangement at average rate which may be broken down by counties, cities and towns if necessary. Coverage for the mortgagor's interest may be provided under individual certificates, according to this suggestion.

Appraised Value

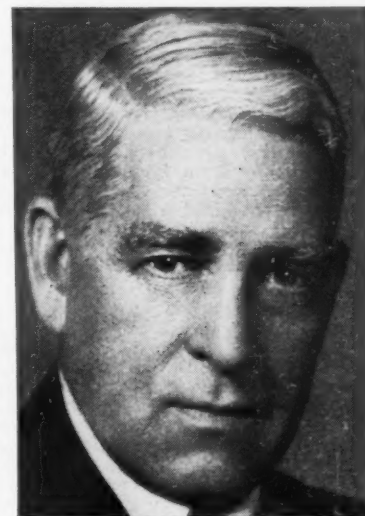
The amount of insurance to be placed on property owned by the HOLC is for the appraised value of property less depreciation, or the sales value, whichever is less.

The HOLC is to initiate a loss prevention and inspection service, including self inspection reports by property owners. The HOLC agrees to make necessary repairs to property owned.

(CONTINUED ON PAGE 16)

**Issues Discussed at
Cleveland Board's
Meeting by Earls****Number of Live and
Arresting Topics Touched
On by State President**

CLEVELAND—Injection of the federal government into the insurance business, regimentation of borrowers' insurance, mutualistic tendencies in stock insurance and revival of agitation in regard to excepted cities were scored by W. A. Earls of Cincinnati, president of the Ohio Association of Insurance Agents, in an address be-



WILLIAM A. EARLS

fore the Cleveland Insurance Board this week.

He advocated a comprehensive state-wide educational program before introduction of any further agency legislation, and set as the objective of the state association for the year, intensive educational and membership programs.

For this, Mr. Earls' first formal address since he was elected president of the Ohio association last October, he took for his subject, "Independent Thinking," basing it on a statement made by President E. J. Bond, Jr., of the Maryland Casualty at the annual meeting of the association, when he congratulated it on its independent thinking.

Ohio Agents Blessed

Listing a number of advancements in which the Ohio association has pioneered, he said the Ohio agents are blessed in that they live in a prosperous manufacturing state where insurance thrives and industries enjoy low rates, and continued:

(CONTINUED ON PAGE 14)

A. R. Menard Joins Agency in Brooklyn

Resigns as Director of the Business Development Office

NEW YORK—A. R. Menard, director of the Business Development Office for the past 12 months, and its assistant director for three years immediately prior thereto, will on Feb. 1 sever his connection with the organization to become vice-president of Pen-



A. R. MENARD

dleton & Pendleton, the oldest agency in Brooklyn and one of the most respected.

A native of Macon, Ga., Mr. Menard started his business career as soon as his schooling days ended, as a solicitor for the Penn Mutual Life, later becoming a representative of the Union Central Life. Subsequently for 19 years he was vice-president of the Macon agency of Murphy, Taylor & Ellison. His close and active interest in agency affairs was recognized by his election as president of the Georgia Association of Insurance Agents and induced his appointment as assistant director of the B. D. O. in June, 1937, when F. S. Dauwalter was director. On the retirement of Mr. Dauwalter to become assistant general manager of the National Board in January, 1939, Mr. Menard was promptly named his successor. By virtue of his numerous appearances before agency gatherings Mr. Menard is widely known and highly esteemed by local representatives everywhere.

L. E. Ellis & Co. Open House

The L. E. Ellis & Co. of Des Moines, well known local agents, will have their annual open house celebration observing Mr. Ellis' 45th anniversary in the insurance business, Feb. 12. Mr. Ellis also is celebrating his 50th anniversary in business.

Nash with Pacific National

Malcolm Nash who has traveled in North and South Carolina territory for approximately nine years as state agent for the Rhode Island and Merchants of Providence, is joining the Pacific National Fire in the same capacity. Mr. Nash has had many years experience in this territory and is well known throughout the Carolinas. This move is another step in the expansion program in the southern states.

W. L. Wallace, vice-president and W. A. Waters, assistant secretary and manager eastern department are on an extended trip through the southern territory.

Milwaukee Dinner Is Gay Event

About 300 local agents, field men and special guests from outside the city attended the stag banquet of the Milwaukee Board of Fire Underwriters at the Hotel Schroeder, Monday evening. This was a gay event and the leaders are considering making it an annual occasion. The group gathered outside the banquet hall for about an hour at a most convivial cocktail party, prior to the dinner.

Val Gottschalk, president of the Milwaukee Board, spoke a few words of greeting and expressed the hope that the dinner will be an annual event. A. S. Walsh of the Chris. Schoeder & Son agency, general chairman of the occasion, was given an ovation as was Walter Schroeder.

Mr. Gottschalk named the visiting guests who took a bow. They included H. R. Hanawalt and E. H. Forkel, associate western managers National Fire; T. K. Pfafflin and Paul C. Van Dusen, brokerage department managers of Home at Chicago; Dan Layton, manager of the Home's marine department at Chicago, and John Birmingham of that department, and Dave Larson of the Home at Chicago; L. H. Hawley, vice-president Newhouse & Sayre; Robe Bird, retiring western manager, and F. W. Doremus, new western manager of American; H. B. Elmers, assistant western manager of American; J. G. McFarland, superintendent of agencies; Gordon Linke, marine manager, and H. S. Norton of the western department of American; E. D. Lawson, western manager Fireman's Fund; E. H. Ryan, chief underwriter North America in the west; Ralph Danforth, assistant secretary, and H. C. Stoll, marine manager Millers National; J. M. Clark of Chicago, executive special agent New York Underwriters; George A. Smith, agency director, and George Hoffmeister, head of the automobile department Continental Casualty; Roger Simpson, vice-president Transportation; G. C. Classen, secretary; Eugene McAdow and G. W. Funk, agency superintendents Great American; W. L. Sundstrom, assistant manager Western Factory, Chicago; George N. Porter, manager Western Sprinkled Risk Association; Carleton Hines, vice-president American Automobile; R. E. Brandenburg, Firemen's.

Shallcross Returns to Office

NEW YORK—Looking and feeling like his old-time self, C. F. Shallcross, United States manager of North British & Mercantile, returned to his office Monday for the first time since he underwent an operation last November.

Tribute Paid to S. J. Horton on His 20th Anniversary



S. J. HORTON

CLEVELAND — What started out to be a little testimonial party of officers and trustees, past and present, of the Cleveland Board to pay tribute to S. J. Horton, secretary-treasurer, on his 20th anniversary in that office, turned out to be a gala affair with insurance representatives pouring in from all parts of the state to do him honor.

Among the guests were: W. A. Earls, Cincinnati, president Ohio Association of Insurance Agents; Superintendent Lloyd; J. M. Shaw, superintendent Ohio Inspection Bureau; C. C. Atwell, state manager, and D. B. Edwards, district superintendent Ohio Audit Bureau; R. S. Tidrich, Ohio representative of the National Board; F. A. Dickerson, manager Cleveland service office Home of New York; B. T. Duffey, manager Cleveland service office Royal; Chief J. E. Granger, Cleveland fire department, Paul Gingham, counsel Ohio Association of Insurance Agents, and the officers and trustees of the Cincinnati and Toledo boards.

Held on Mr. Horton's Birthday

By pure coincidence the party was held on Mr. Horton's birthday and this fact was not learned until after the date had been selected.

The banquet program was opened by John W. Barrett, president Cleveland

(CONTINUED ON LAST PAGE)

No Return Premium on FHA Loans Is Permitted

An interesting situation has arisen with regard to a refund of insurance premium where an FHA loan had been secured. A case arose in Chicago where a man purchased residential property on which there was an FHA guarantee of a loan running to a mortgage company. The purchaser desired to secure a loan from an insurance company. When the insurance company provided the funds he paid off the loan that had been guaranteed by the FHA. The FHA loan ran from Nov. 12 and the change was made about a month later. The insurance premium amounted to \$73.83. The purchaser naturally expected that the insurance would be canceled at short rate. Contrary to all orthodox insurance principles he discovered that there was no refund at all, even though the insurance had only run for a month.

The assistant comptroller of the Federal Housing Administration at Washington wrote the mortgage company as follows:

"Please be advised that mortgage insurance premiums are payable in advance, and neither the national housing act nor the administrative rules and regulations issued pursuant thereto provide for the refund of any portion of these premiums when repayment of the obligation occurs during a period covered by the prepaid premium; except, wherein an insured loan has been paid in full from the proceeds of a new insured loan placed on the same property. Inasmuch as the subject loan was not paid in full prior to Nov. 12, 1939, the current annual mortgage insurance premium in the amount of \$73.83 is considered earned and no part may be refunded."

Query—Who grabs the unearned premium?

Waco, Tex., Exchange Elects

The Waco Insurance Exchange has elected H. C. Lindsey as president and named Davis Stribling vice-president. P. M. Cunyus was reelected secretary-treasurer. New directors are Latham Downs, J. S. Dumas and Mr. Lindsey; holdover members are Harry Wood, E. Woodward and Messrs. Stribling and Cunyus.

Rowland Reelected in Toledo

TOLEDO, O.—K. C. Rowland of the C. C. Teipel Co. was reelected president of the Toledo Association of Insurance Agents. Other officers elected are: G. L. Eiselstein, first vice-president; G. L. Fitkin, second vice-president; and H. S. Boynton, H. O. Dunbar, J. C. Heidlberg and L. R. Spittler, directors. N. W. Reed was reelected secretary. The annual banquet and installation of new officers will be held Feb. 8, with W. O. Hildebrand, secretary-manager Michigan Association of Insurance Agents, as principal speaker, discussing "Progress."

E. L. Adams with Cincinnati Firm

CINCINNATI—E. L. Adams has been appointed manager of the sales department of Perkins & Geoghegan agency, Cincinnati, and will specialize on insurance surveys. Mr. Adams has been previously associated with the Minneapolis and Chicago offices of Aetna Casualty.

Van Wiseman on the Circuit

Jerome Van Wiseman, director of public relations and publications of the National Association of Insurance Agents, who made a big hit in his address at Omaha on the "Profit Motive," gave a talk before the Jamaica, L. I., agents Tuesday night and on Thursday night will address the annual meeting of the New Britain, Conn., local agents.

THIS WEEK IN INSURANCE

Reporting form situation in east and middle west is analyzed in the light of charges made on the Pacific Coast. **Page 3**

Home Owners Loan Corporation sets Feb. 15 as the deadline for accepting bids for new contracts covering the HOLC risks. **Page 3**

W. A. Earls of Cincinnati, president Ohio Association of Insurance Agents, spoke before the Cleveland Insurance Board this week. **Page 3**

Joint conference held in Chicago by central western national councilors of National Association of Insurance Agents and subscribers actuarial committee of Western Underwriters Association. **Page 15**

Alfred R. Menard, director of the Business Development Office of New York City, becomes vice-president of Pendleton & Pendleton, the oldest local agency in Brooklyn. **Page 4**

Western Adjustment Company stockholders reelect all officers at annual meeting. **Page 5**

Program adopted for putting into effect California's new Declaration of Guiding Principles. **Page 5**

Tribute paid to S. J. Horton on his 20th anniversary as secretary of Cleveland Board. **Page 4**

W. R. Crane, manager of the New York City metropolitan department of the Crum & Forster fleet, has been elected vice-president of the Westchester Fire. **Page 10**

E. W. Sawyer tells Risk Research Institute real purpose of all-risk liability. **Page 21**

"Adequate" defined as "minimum to insure solvency" as distinct from reasonable by California attorney-general in an opinion concerning compensation rates. William Leslie testifies before compensation rate hearing. **Page 21**

Future prospective earnings coverage, or use and occupancy, urgently needed by business concerns today. T. K. Pfafflin, manager service department Home of New York at Chicago, tells Credit Women's Club. **Page 33**

Southern Agents Conference puts before the Southeastern Underwriters Association a request that a contingent commission plan be adopted for that section. **Page 27**

W. A. Stark, vice-president Fifth-Third Union Trust Co., Cincinnati, points need of new type of liability coverage for trustees. **Page 21**

Omaha Chamber of Commerce appeals to U. S. Chamber to launch movement to stop SEC investigation of insurance. **Page 15**

California Puts Guiding Principle Plan Into Effect

Definite Program of Operation Formulated for Enforcing Declarations

SAN FRANCISCO—In order to further compliance with the provisions of the "Declaration of Guiding Principles" of the California Association of Insurance Agents, and to make the plan actively effective, a "program of adherence" has been developed by a special committee headed by G. C. Appleton of Fresno, working with William P. Welsh, Pasadena, and Harry Perk, Jr., Los Angeles. Mr. Appleton and Mr. Welsh are both past presidents and past national councillors. Mr. Perk is at present state vice-president.

Under the new plan each member has been requested to send to the association offices, on a prepared printed form, the names of all companies represented, listed in order of their importance to the agency based on premium income of each company, and to sign the voluntary statement of policy and pledge on the reverse side. Further, members are asked to indicate the name of any company represented which they do not feel "for good and sufficient reason" they could oppose if called upon to do so.

Callis Gives Explanation

In his communication to members, President H. I. Callis points out: "In making this voluntary statement of policy and pledge you understand you are obligating yourself to withdraw all support of any company not signatory to the Declaration of Guiding Principles and/or who is found, after a complete investigation, to be in violation of the declaration. You are not expected to resign any company declared to be in violation—withdrawal of your support is all that is necessary. We specifically urge that there be no resignations."

Each local association in the state is also being contacted and urged that a "strong resolution in support of the declaration" be adopted and that a local committee be immediately formed to canvass the entire membership for pledges. The committee will also check all licensed agents and brokers and new appointments as to qualification under the declaration.

Under the rules covering the "program" a local association committee will investigate all alleged violations and report to the state association committee which will make an independent investigation of all reported violations. If findings of both local and state association committees are in accord, the name of the company in violation together with report of findings will be referred to the state association director in territory where violation occurred, whose duty it shall be to informally negotiate a satisfactory solution through the special agent of the company. Failing in these negotiations, the director will report back to the state association committee which will negotiate with officials of the company in violation.

If these negotiations fail, the state association committee will then declare the company in violation of the declaration, subject to the approval of the board of directors of the state association. The company in violation shall then be advised and the membership of the state association be informed of the name of the company.

Western Adjustment Officers Reelected; Small Losses Rise

All officers of Western Adjustment were reelected at the 55th annual meeting held in the Chicago head office this week. These are John C. Harding, Springfield F. & M., president; George H. Bell, National of Hartford, vice-president, and Roy A. Sellery, secretary-treasurer. The latter also is general manager. Four directors were reelected: S. M. Buck, vice-president Great American; E. A. Henne, vice-president America Fore group; George C. Long, Jr., president Phoenix of Hartford, and W. K. Maxwell, Hanover Fire. General Manager Sellery is beginning his 40th year with Western Adjustment.

There was a great volume of small losses in 1939, the officers reported to stockholders. Western Adjustment adjusted 270,037 losses last year, compared to 255,774 in 1938, but the unit cost of doing business was on the same low level as in recent years. In 1939, 76,297 fire losses were handled, 86,224 automobile, 94,877 wind, 9,723 special risk and 48 aircraft. The large number of losses was occasioned by a steady flow of hail and windstorm claims, there having been more than 30 such severe storms, mainly in Kansas, Missouri and parts of Nebraska, and a very bad storm in Sioux Falls, S. D.

Greater Loss Frequency

Loss frequency for all classes in Western Underwriters Association territory increased about 6 percent. The number of large losses again declined. More than 87 percent were less than \$1,000 each. Fire losses handled last year were greater both in numbers and dollars of loss paid.

Collision losses continued to exceed the number of fire and theft claims, attributable to the greater amount of collision coverage written today. Total theft losses decreased. The number of automobile claims was high and automobile losses will continue to increase, it was predicted, due to increase in new car sales. There was an increase in inland marine claims, partly due to the growing popularity of the personal property floater.

Some Improvement Is Noted

Improvement in the motor truck cargo situation was noted, with more strict supervision exercised by underwriters and the Interstate Commerce Commission. There was further decrease in hijacking losses last year, probably due to better police protection and activities of the federal bureau of investigation. Some substantial losses under jewelers block policies were noted, especially involving thefts of large quantities of jewelry from traveling salesmen.

While aviation insurance, especially in the light plane field, has been advancing, there was a sharp rise in the loss ratio on light planes.

Western Adjustment officials reported 1939 was a most satisfactory year, with distinct improvement in the quality of personnel and a higher degree of intelligence in supervision of branch offices.

Reelect Spokane Officers

SPOKANE, WASH.—The Spokane Insurance Agents Association at its annual meeting reelected officers, including Clarence Livingston, president; R. H. Rogers, vice-president; T. J. Meenach, secretary-treasurer.

John McGillivray, independent adjuster, was the speaker.

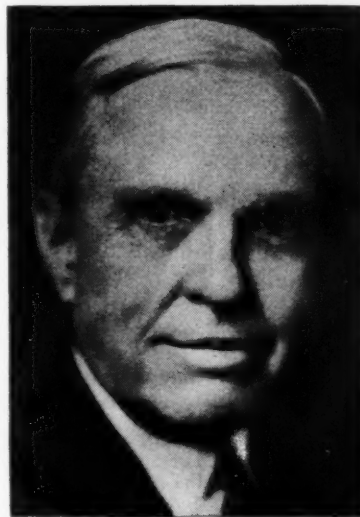
Smith Superintendent of Agencies

Lorin Smith, city special agent of the Hinchman, Rolph & Landis general agency, San Francisco, has been appointed superintendent of agencies.

Sidelights on Glens Falls' 90-Year History Presented

The practical idealism which built the Glens Falls is traced in "Tales of the Old and Tried," a limited edition of which has been published in the observance of the Glens Falls' 90th anniversary.

Founded in 1849 as the Dividend Mu-



E. W. WEST

tual, the Glens Falls assumed its present name in 1864. E. W. West, former president and now board chairman, joined the company as an office boy 10 years later and in 1906 President Frank M. Smalley started his able career.

As a mutual the new company had a successful 15 years, paying over \$200,000 in losses and accumulating a \$95,000 surplus without making an assessment on premium notes. Few state mutuals fared as well and the bad names created by the failures led to the establishment of the Glens Falls as a stock company with \$100,000 capital in 1864.

Origin of Trade Mark

In "Tales of the Old and Tried" the colorful accounts of Col. J. L. Cunningham, president from 1892 until 1914, are of particular interest. He tells of the origin of the Glens Falls' "Old and Tried" trade mark in an 1887 issue of the company's house organ "Now and Then." Nick names were popular and although the oldsters were wont to refer to the company as "the Glens" the younger agents began to use the "Old and Tried" sobriquet which was probably used officially for the first time in the annual statement of 1872.

Fortunate in Chicago Fire

The Glens Falls was fortunate in its experience in the Chicago fire in 1871. Tradition says that some time before the fire, President Russell M. Little on a trip to Chicago was warned by Harry Brown, his agent, of the fire dangers in the crowded, wooden building city. Mr. Little decided to stop doing business there, the story goes, and renewals were refused and by the time of the fire almost all the policies had expired. A conflicting story attributed the withdrawal to low rates, but in either case its claims were negligible.

The San Francisco fire in 1906 proved a real test and according to the Glens Falls historian his company paid the first conflagration loss—a \$3,000 claim and San Francisco newspapers carried the headline "The Glens Falls Pays." The company paid 800 claimants more than \$1,500,000 in the days that followed.

Its first statement as a stock company showed the Glens Falls with \$204,091 assets, indicating the marked progress of the Dividend Mutual during its 15 years. By 1900 the assets had reached \$3,458,-

163. The five million mark was passed in 1910, the 10 million mark 10 years later and today assets are near the 20 million figure.

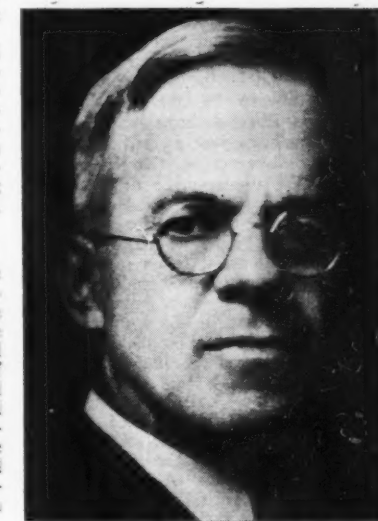
Those who have often seen the red logotype of the Glens Falls will be interested to know of its origin. The room clerk in the old Rockwell House in Glens Falls was an artistic penman. He flourished the name of the town at the top of the registry book and J. L. Whitlock, western department manager from 1881 to 1918, on a trip to the home office, saw the artistic "Glens Falls" and was instrumental in securing its adoption as the company's trade mark.

The unconventional advertising of Mr. Whitlock provides an interesting section in "Tales of the Old and Tried." He distributed all sorts of gadgets emblazoned with the red "Glens Falls" and his stunt advertising and publicity made circus men envious.

Unique House Organ

"Now and Then," unique house organ of the Glens Falls, founded in 1887 by Colonel Cunningham and edited by him until his death in 1924, contained many philosophical observations. Early in his career the Colonel advised agents to "insure no man without first acquainting yourself with his general character. If he is naturally quarrelsome, having the general ill-will of his neighbors or persons in his employ, it would be unsafe to insure out-buildings owned by him."

The Colonel had a good sense of humor. "Cleanliness may be next to godliness; but a soap factory adjoining a



F. M. SMALLEY

church increases the rate on the latter all the same," he wrote. He reported a cyclone loss report as saying "It cleared everything off the farm except the mortgages."

A throat ailment which forced Rev. Russell M. Little to give up preaching was responsible for the formation of the Glens Falls by Mr. Little, who as one agent said, "used to be a minister but reformed and became president of an insurance company." During the company's infancy Mr. Little did most of the office and field work. When a new agency was deemed advisable, he packed his saddlebags with agent's supplies and set out to find the right man.

Mr. West, who served as president from 1920 to 1928 and is now board chairman, has seen many changes since he started with the Glens Falls 65 years ago as an office boy and general handyman for the eight employees. He was permitted to take time out for school and received an annual salary of \$50.

After office training Mr. West was a special agent for 20 years. In his early

(CONTINUED ON LAST PAGE)

European Farmers Use Hail Rockets

Medieval Practice Hampers Sale of Hail Insurance to Many

NEW YORK—Hail insurance may not be as widely sold in the United States as it should be but at least agents don't have to contend with a large section of the farming population which prefers to place its fate in such medieval contraptions as hail rockets, according to Dr. F. J. Weiss, secretary-general of the International Hail Insurance Committee, who recently emigrated from Vienna and hopes to continue his research work in the United States.

Hail insurance, though generally associated with certain crops and sections of the United States, is widely sold in Europe, despite many farmers' preference for spectacular direct action in the form of rockets which are supposed to break up the hail clouds. So firmly wedded are many of these farmers to such unscientific and useless preventives, according to Dr. Weiss, that they are dubious of anything so ineffectual looking as an insurance policy.

Relation of Sunspots

Dr. Weiss has studied closely the possible relation of sunspot activity to the incidence of hail but feels that research in this direction must go further before definite principles can be laid down. He believes that the cyclical pattern in hail losses is the cause of many uninsured losses among farmers and likewise the cause of companies having a needlessly high loss ratio on the amount of hail business on their books.

This is due to the fact that the companies in Europe have raised rates where they have just passed through a severe hail loss period, thereby making the coverage unattractive to the farmers. After a stretch of good experience the companies are more liberal but the farmers, also having been lucky, are not much attracted even at reduced rates. Consequently when heavy hail losses roll around again many farmers are unprotected while the companies get stung with a severe loss ratio on business which they have had for only a short time.

This situation, Dr. Weiss said, resulted in the introduction of six-year hail policies in Austria, which have proved popular with the farmers and the companies alike. A one-year policy can be converted into a six-year policy when the year is up.

Sees Expansion Here

Because the American farmer is a better economist than the Austrian, Czechs or Hungarian, and is better able to pay the hail insurance premium, Dr. Weiss believes that there is room for a big expansion on the hail insurance market in the United States.

Dr. Weiss said that in Austria there

Has Enlarged Duties with Travelers and Charter Oak



CHARLES P. JERVEY

Charles P. Jervey, who was recently made assistant secretary of Travelers Fire and Charter Oak Fire, with enlarged country-wide responsibilities, had been secretary of the southern department. Mr. Jervey started in Atlanta and was office manager in the southern department of the North America when he went with Travelers Fire in 1925. Two years later he was made assistant manager of the southern department of Travelers Fire and later that year assistant secretary of the department. In 1935 he was made secretary of the southern department and also given executive supervision of brokerage, general cover and country-wide business.

He is an authority on the new forms that are available to large, far flung business organizations. He is chairman of the advisory committee of the Interstate Underwriters Board and represents the Travelers Fire companies in various other company organizations.

are some areas in which hail damage is severe on the average of every second year. Even though the premium is high—17 percent—the coverage is easy to sell. All an agent has to do is to send advance notice when he will be in the locality and the farmers will flock in at the appointed time. All the agent has to do is to take the orders. In other areas where perhaps a hail storm hits only once in 10, 15, or 20 years, an agent has to go from farm to farm and has difficulty making sales even though the premium is small.

Dr. Weiss has been keenly interested in hail insurance problems for many years and was the principal organizer of the International Hail Insurance Committee which was formed in Paris in 1936 at the time of the International Congress of actuaries. Such a committee is particularly necessary in central Europe, where countries are so

(CONTINUED ON PAGE 30)

Insurance Angle in Union Electric Quiz

ST. LOUIS—Attorney-general McKittrick and Superintendent Ray Lucas have indicated an interest in the insurance affairs of the Union Electric Company of Missouri and are anxious to know whether there has been any violations of the anti-rebating or discrimination statutes.

Mason Miller, a vice-president of the Lawton-Byrne-Bruner agency of St. Louis, who handled the insurance for the electric company, has been brought into the situation. Newspaper stories indicate that Hermann Spoehrer, who recently resigned as secretary of Union Electric, received some \$85,000 of insurance rebates, for which he did not account. At first the newspapers spoke of "rebates" in terms of division of commission with the assured, but it now appears quite clear that the "rebates" consisted of return premiums and various legitimate policy credits.

The SEC is conducting an investigation of Union Electric.

One report is that the refunds were made in cash to Spoehrer and no record made of them on the books.

Conferred With SEC Investigators

Miller, who had been on a vacation trip to Florida, upon his return to St. Louis, made himself available to the SEC investigators. He also had a conference with McKittrick. Mr. Miller's attorney said that in view of the fact his client has conferred with SEC investigators and McKittrick, he had advised him it would be "improper to make any statements to newspapers."

McKittrick declined to reveal what information he had obtained from Mr. Miller. He indicated, however, that he regarded the information as highly important. Prior to the conference McKittrick said the reason for questioning Mr. Miller was to ascertain the exact nature of the refunds so as to determine whether there had been any violation of the insurance laws.

The SEC wants to know what was done with the sums that passed through Spoehrer's hands. Louis H. Egan, former president, and Frank J. Boehm, former executive vice-president, have denied to the SEC that they had any knowledge of reported political contributions made by the electric company in Missouri and Illinois.

Officials of Lawton-Byrne-Bruner said the agency is ready to open its records to any agency or officer of the law.

"Our firm is clean and ready to make its records available in every way. There is no improper action of any kind that can be laid at the door of Lawton-Byrne-Bruner in this matter," William M. Byrne, chairman of the board, was quoted as saying. Mr. Byrne and other agency officials expressed confidence in Mr. Miller.

Tyler, Tex., Exchange's New Staff

Officers of the Tyler (Texas) Insurance Exchange are Calvin Clyde, president; Richard Hicks, vice-president; and Tom Bradshaw, secretary-treasurer.

Executive Secretary Named for Wisconsin Groups



ROBERT B. EBERT

MILWAUKEE—Robert B. Ebert was appointed executive secretary of the Milwaukee Board of Fire Underwriters, effective Feb. 1, succeeding John G. Seidel, whose resignation recently was announced. Mr. Ebert also will assume the same duties in the Milwaukee Board of Casualty & Surety Underwriters and the Wisconsin Association of Insurance Agents, which posts also were held by Mr. Seidel. In each instance he will be assistant to J. G. Grundle, secretary of the local boards, who this week was appointed secretary of the state association until the next annual meeting to fill the vacancy created by Mr. Seidel's resignation.

Until three years ago when he decided to devote his entire time to his local agency and also to take over the management of the Catholic Family Protective Life Assurance Society, Mr. Grundle had served for a long period of years as elected and executive secretary of the boards and the state association. He stated he had accepted the state secretaryship only temporarily.

Had Life Insurance Experience

Mr. Ebert is an aggressive young man with a pleasing personality who has been associated with the Northwestern Mutual Life home office here for nearly five years. Previously he was engaged in adjustment work and also had newspaper experience.

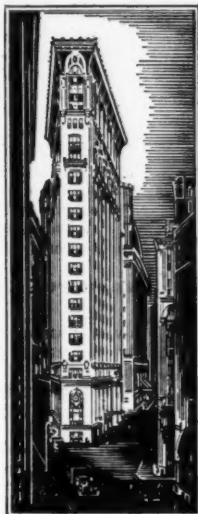
Mr. Seidel plans to establish himself in the appraisal business with headquarters here and to operate throughout the middle west. He is recognized as an authority on residence furnishings, antiques and fine arts, specializing in appraisal of these lines before going with the Milwaukee Board. In addition to appraisal work, he also will act as consultant to insurance companies in risks covering those classes of property.

The C. J. Watrous agency, Marion, O., has taken J. R. Roby, one of its solicitors, into the business. The agency will be known as Watrous & Roby.

BID AND ASKED STOCK QUOTATIONS BY MONTHS IN 1939

(Compiled by H. W. Cornelius of Bacon, Whipple & Co., Chicago)

	Jan. 3	Feb. 1	March 1	April 1	May 1	June 1	July 1	Aug. 1	Sept. 1	Oct. 2	Nov. 1	Dec. 1
Aetna Cas. & Sur.	111	116	105	110	108	112	104	108	99	104	106 1/2	110 1/2
Aetna Fire	47 1/2	49 1/2	45	47	48	50	43	45	42	44	47	49
Aetna Life	27 1/2	29 1/2	28	30	29	31	28	30	26	29	31	33
Continental Am. III.	37	39	36 1/2	38 1/2	38	40	37	40	36 1/2	38 1/2	37 1/2	39 1/2
Continental Cas.	27	29	27	29	28	30	27	29	26	28	27	29
Continental, N. Y.	35	36	34	35	35	36	31	33	31	33	34	36
Fidelity-Phenix	25	26	24	25	27 1/2	29 1/2	30	32	31	33	34	36
Great American	24 1/2	25 1/2	25	26 1/2	25 1/2	27	23 1/2	25 1/2	24	25 1/2	26 1/2	28
Hanover Fire	30 1/2	32	29	31	30	32	26	28	24	26	28	30
Hartford Fire	72	74	73	75	78	80	72	74	69	71	74	77
Home, N. Y.	30 1/2	31 1/2	30	31 1/2	31	33	28	30	28	30	31	33
Insur. Co. of N. A.	64	68	64	66 1/2	65	67	65	68	60	62 1/2	66	69
National Casualty	26 1/2	28 1/2	25 1/2	27 1/2	27 1/2	29 1/2	26	27	25	27	28 1/2	30 1/2
National Fire	60	62	59 1/2	61 1/2	62 1/2	64 1/2	56	58 1/2	53 1/2	55 1/2	57 1/2	59 1/2
Phoenix, Conn.	77	80	76	78	80	82	72	74	70	73	77	80
St. Paul F. & M.	226	232	225	230	224	230	215	228	220	225	230	234
Springfield F. & M.	120	124	118	123	118	123	109	112	109	117	114	120
Travelers	445	465	440	450	460	475	430	460	440	460	460	490



FIRE • MARINE • CASUALTY • SURETY

Great American Group of Insurance Companies New York

NEW YORK • CHICAGO • MONTREAL • SAN FRANCISCO

AGENTS EVERYWHERE

GREAT AMERICAN INSURANCE COMPANY

NEW YORK, N. Y. • Incorporated 1872

GREAT AMERICAN INDEMNITY COMPANY

NEW YORK, N. Y. • Incorporated 1926

AMERICAN ALLIANCE INSURANCE COMPANY

NEW YORK, N. Y. • Incorporated 1897

ROCHESTER AMERICAN INSURANCE COMPANY

NEW YORK, N. Y. • Incorporated 1928

DETROIT FIRE & MARINE INSURANCE COMPANY

DETROIT, MICH. • Incorporated 1866

MASSACHUSETTS FIRE & MARINE INSURANCE COMPANY

BOSTON, MASS. • Incorporated 1910

THE NORTH CAROLINA HOME INSURANCE COMPANY

RALEIGH, N. C. • Incorporated 1868

COUNTY FIRE INSURANCE COMPANY OF PHILADELPHIA

PHILADELPHIA, PA. • Incorporated 1832

THE AMERICAN NATIONAL FIRE INSURANCE COMPANY

COLUMBUS, O. • Incorporated 1914

DIRECTORS GREAT AMERICAN INSURANCE COMPANY

DANIEL R. ACKERMAN, New York City
Vice-President and Secretary, Great American Insurance Company

EARL D. BABST, New York City
Chairman of the Board, American Sugar Refining Company

H. DONALD CAMPBELL, New York City
President, Chase National Bank of New York

ARTHUR O. CHOATE, New York City
Clark, Dodge & Co.

JOHN M. DAVIS, New York City
President, Delaware, Lackawanna & Western Railroad Co.

LOUIS W. DOMMERICH, New York City
L. F. Dommerich & Co., Commission Merchants

JOHN H. HILLMAN, JR., Pittsburgh
Chairman of the Board, Hillman Coal & Coke Co.

EUSTIS L. HOPKINS, New York City
Chairman of the Board, Bliss, Fabian & Co., Cotton Goods Commission Merchants

PERCY H. JOHNSTON, New York City
Chairman of the Board, Chemical Bank & Trust Co.

SAMUEL McROBERTS, New York City

ALEXANDER R. PHILLIPS, New York City
Vice-President, Great American Insurance Company

JESSE S. PHILLIPS, New York City
Vice-President, Great American Insurance Company, Formerly Superintendent of Insurance of New York

HOWARD C. SMITH, New York City
Estate Trustee

PHILIP STOCKTON, Boston
Chairman of Executive Committee, The First National Bank of Boston

ROY B. WHITE, New York City
President, Western Union Telegraph Company

GARRARD B. WINSTON, New York City
Shearman & Sterling, Attorneys

WILLIAM H. KOOP, New York City
President, Great American Insurance Company and Affiliated Companies

AS SEEN FROM CHICAGO

CHICAGO FIRE LOSS SHARPLY UP

Fire Commissioner Corrigan of Chicago reports that the fire losses in the city in 1939 amounted to \$7,800,000, as compared with \$5,500,000 the previous year or an increase of about 42 percent. Thus in 1939 was recorded the highest loss of any year since 1934 when the \$4,500,000 stock yards fire occurred. The 1939 record was swelled by the Rosenbaum and Harris grain elevator fire May 11, amounting to about \$2,500,000.

In 1937 the loss was \$6,100,000; 1936, \$6,712,000 and 1935 \$3,712,000.

GRAIN ASSOCIATION FEATURES

W. L. Lerch, manager of the Underwriters Grain Association at Chicago, finds that the fire premiums on grain in terminal elevators were 25 percent more last year than in 1938, due largely to increased value of grain stored. The association is composed of 96 companies. Last year, however, was a very unfavorable year so far as loss ratio was concerned. The group suffered the largest loss in its history from the burning of five elevators in the Calumet district in Chicago, May 11.

Manager Lerch adds that large quantities of grain has been held on farms and in country elevators and the premiums will be increased the first half of this year if any material amount of this grain goes into terminals and prices remain about the same. The carry over grain now in terminals, he said, is larger than a year earlier.

"P. W." ANNUAL MUSTER

The field men of the Providence Washington in the central west held their annual conference in Chicago this week. John R. Cashel, manager, presided at the sessions. There were present from the home office Vice-Presi-

dent Fred B. Luce and Secretary D. C. Bowersock.

FRED S. JAMES ANNUAL DINNER

The annual dinner dance of the Employees Association of Fred S. James & Co., of Chicago will be held Thursday evening. Election of officers for the ensuing year will be held at the same time. C. F. Lundquist, head of the life department, is the retiring president. An innovation for this year's affair has been an invitation to employees' families and office and associated brokers to attend.

THOELECKE MADE CHAIRMAN

L. C. Thoeleck, Norwich Union Fire, was elected chairman of the Western Conference of Special Risk Underwriters. M. E. Peterson, Springfield F. & M., becomes vice-chairman, and E. H. Born, Western Underwriters Association, was reelected secretary and treasurer. The occasion was employed in addition to the election to give a farewell to Warren R. Baker of the North America, who has been chairman, and who goes to the head office in Philadelphia. Ed. Ryan of the underwriting department of the North America, also a member, was given a goodbye touch.

Mr. Baker is leaving Thursday of this week to take up his new duties at the North America head office in Philadelphia. He is to be in charge of all the engineering activities of that company.

REAL ESTATE PROBLEM ACUTE

Members of the Cook County Field Club, Chicago, heard a highly inspirational talk by Morgan L. Fitch, president Chicago Real Estate Board. Mr. Fitch pointed out that the problems of realtors and the insurance fraternity are

common because of business conditions in Chicago.

He said that industry is migrating from Cook county to localities outside the area because of high taxes, labor difficulties and racketeers, and that local real estate values are shrinking.

In addition there is a migration to the suburbs of a great number of substantial citizens having incomes of \$2,500 per year and more, which leaves only the lower income groups to tussle with civic problems.

Ralph Black, Northern Assurance, past president Cook County Field Club, presided in the absence of the president and vice-president. W. T. Jenkins is president, and George Cassell, W. A. Alexander & Co., is vice-president.

The Chicago Fire Insurance Patrols responded to 14,262 alarms last year. The patrols traveled 50,799 miles and spread 18,542 covers over stocks that were exposed to damage.

Mrs. James E. Guy, wife of the automobile superintendent of the America Fore western department, went to a hospital for an operation. Mr. Guy is most loyal gander of the Illinois Blue Goose.

R. R. Clark, United States manager of Caledonian, was in Chicago the other day on a business trip.

N. H. Department Moves

CONCORD, N. H. — The New Hampshire insurance department is now occupying its quarters in the new state house annex just south of the state house itself. Commissioner Arthur J. Rouillard is pleased with the new location which gives the department more space, better light and sound-proof ceilings. The department is on the first floor of the northeast part of the new building.

The Nebraska Blue Goose will hold its annual winter dance party Feb. 17 at the Blackstone Hotel, Omaha.

At Upper Sandusky, O., Mr. Roth has purchased the interest of his partner in the Myers & Roth agency.

NEW YORK

FOREIGN MAIL CENSORED

Letters received by representatives of British companies on this side the Atlantic are now stamped "Opened by Censor," attesting that despite the strenuous opposition of Secretary of State Hull, the British government is closely scanning all mail matter. This practice, as well as the uncertainties of steamer sailings, seriously delays the receipt of letters. Correspondence between the head offices and their United States branches has been reduced to a minimum, executives on the other side seemingly being well content to leave the administration of affairs here to their American representatives.

LOOK FOR AMENDMENT

Sharp objection having been voiced by a number of surety companies and by several fire offices to the provisions of Section 77 of the new New York insurance code, which in effect pledges reinsurers to assume liability for loss sustained by a direct writing institution in the event of the latter's later insolvency, it is considered probable the section will be amended; in fact, a draft of proposed changes is now in the hands of the insurance committee of the assembly for study.

N. Y. UNIVERSITY COURSES

Classes in life, fire, casualty, insurance law, social insurance and insurance principles will open Jan. 31 at New York University's school of commerce, account, and finance. An evening session of life insurance principles and structure is being offered for night students and an entirely new course in psychology of life insurance salesmanship is offered by J. E. Bragg, manager Guardian Life of New York, New York City. Courses in principles of fire and cas-

INTER-OCEAN REINSURANCE COMPANY

HOME OFFICE: CEDAR RAPIDS, IOWA

Condition December 31, 1939

ASSETS

Cash in banks.....	\$ 618,330.91
United States Government bonds (Amortized value December 31)...	2,686,879.40
All other bonds (Amortized value December 31)	607,652.72
Stocks (Market value December 31) ..	1,135,398.00
First mortgage loans FHA.....	53,304.84
Other first mortgage loans.....	102,209.93
Home office building.....	102,108.48
All other real estate.....	131,508.00
Collateral loans	24,969.68
Accrued interest	20,274.24
Due from insurance companies (Not over 90 days).....	312,560.71
Admitted assets	\$5,795,196.91

LIABILITIES

Unearned premiums	\$3,260,071.54
Reserve for losses.....	309,633.23
Reserve for adjustment expense.....	12,691.87
Reserve for taxes.....	60,081.32
All other liabilities.....	36,771.95
Capital	\$ 500,000.00
Surplus	1,615,947.00
Treatyholders' surplus	2,115,947.00
	\$5,795,196.91

Note: The amortized and market values used in this statement are on the basis prescribed by the National Convention of Insurance Commissioners. On an actual market value basis the total admitted assets would be increased to \$5,901,196.52 and the net surplus to \$1,721,946.61. Securities carried at \$514,100 in the above statement are deposited as required by law.

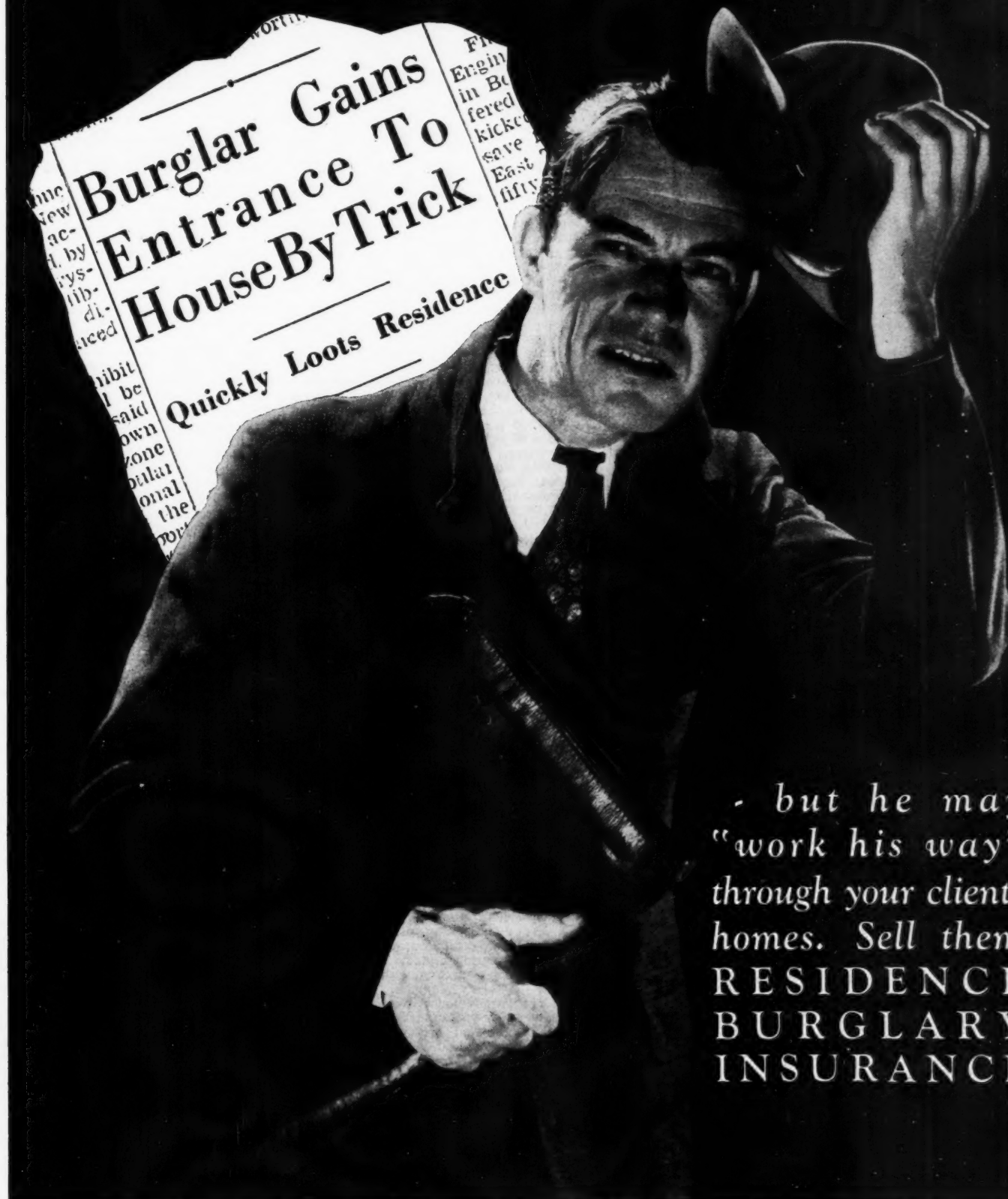
REINSURANCE—FIRE AND ALLIED LINES

New York
90 John Street

San Francisco
114 Sansome St.

Los Angeles
215 West 7th St.

- he's not "working his way through college" -



- but he may
"work his way"
through your clients
homes. Sell them
**RESIDENCE
BURGLARY
INSURANCE**

America Fore Insurance

THE CONTINENTAL INSURANCE COMPANY
FIDELITY-PHENIX FIRE INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane,



and Indemnity Group

NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE
THE FIDELITY AND CASUALTY COMPANY

BERNARD M. CULVER, President
FRANK A. CHRISTENSEN, Vice-President

New York, N.Y.

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL

ualty insurance which meet the requirements of candidates for the New York state brokerage examinations will be offered as in the past. This may be completed in one semester. S. B. Ackerman is professor of insurance.

BIG DECEMBER FIRE LOSSES

The New York "Journal of Commerce" reports 269 fires during December in the United States and Canada, each of which caused damage of \$10,000 or more. The aggregate was \$9,506,000. The largest number was in the east with 92 fires and losses \$3,211,000. The more important losses were in Milford, Del., four business and one apartment building, \$150,000; Washington, D. C., coal and lumberyard, \$125,000; The Weirs, N. H., boats, \$175,000; Harboro, Pa., school, \$75,000; Midland, Pa., drug and furniture stores, \$75,000; Midland, Pa., two business and apartment buildings, \$90,000; Philadelphia, used car showroom, \$125,000; Philadelphia soap plant, \$200,000; Tusculum, Ala., tire and rubber plant, \$150,000; Warren, Ark., lumber plant, \$250,000; Savannah, Ga., dwelling, \$75,000; Lufkin, Tex., sawmill, \$150,000; East Moline, Ill., factory buildings, \$250,000; French Lick, Ind., club house, \$125,000; Marengo, Ia., canning warehouse, \$90,000; Louisville, country club, \$125,000; Eagle Bend,

Minn., school and gymnasium, \$100,000; Piqua, O., feed mill, \$90,000; Pasco, Wash., hotel and adjoining office building, \$125,000; Moncton, N. B., Y.M.C.A. building, \$75,000; Verner, Ont., garage, ice house, butcher shops and creamery, \$90,000.

J. E. CHAPMAN RETIRES

J. E. Chapman, division underwriter at the head office of the Home, retires, having completed 38 years of service in the metropolitan department. He started with Weed & Kennedy in 1897, therefore, having been in the business in New York City, 43 years.

Henry Smith of the complaint bureau of the New York Insurance department will address the Suburban Association of Local Agents at its noon meeting in New York City, Thursday.

Blue Goose Hears Census Talk

SIoux FALLS, S. D.—The Blue Goose held its meeting Monday with 32 present. The speaker was J. F. Graybeal of the federal census bureau. The next meeting will be Feb. 5, at which Tom Scanlan, manager of the U. S. social security board in Sioux Falls, will speak.



Pity this poor chap seeking protection from the wintry blasts without adequate coverage. However, the property owner who carries only partial protection is no better off. Fire Insurance on property and contents is necessary of course, but a supplemental contract, rent insurance, burglary, public liability and other forms are essential to complete the coverage. Are you leaving your assured "out in the cold"? The Phoenix-London Group Visible Business Record has been prepared to correct this condition—would

you like a copy? There is also a decided advantage in representing a multiple line Group, writing all forms of Fire, Casualty and Inland Marine Insurance, providing nation-wide claims, engineering and underwriting service. The Phoenix-London Group offers unexcelled facilities for handling your Fire business, your Casualty business, or both, through a single organization.



PHOENIX-LONDON Group

55 FIFTH AVENUE, NEW YORK CITY

FIRE COMPANIES

Phoenix Assurance Co., Ltd.
Imperial Assurance Company
Columbia Insurance Company
United Firemen's Insurance Co.

The Union Marine & General Insurance Co., Ltd.

CASUALTY COMPANIES

London Guarantee & Accident Co., Ltd.
Phoenix Indemnity Company

NEWS OF THE COMPANIES

Continental Assets Again Close to \$100,000,000 Mark

Continental is again close to the \$100,000,000 mark in assets. The actual figure as of Dec. 31, 1939, according to the annual report, is \$99,441,215 as compared with \$96,441,078 the previous year. Capital is \$5,000,000 and net surplus \$66,076,028, as compared with \$62,314,404 the previous year. Contingency reserve is \$766,172.

There was an underwriting profit of \$1,543,404 as compared with \$2,116,731 in the previous year. Premiums written were \$19,046,775, a decline of about \$300,000. Premium reserve was \$19,094,052, a decrease of \$47,276. Losses amounted to \$8,697,059 as compared with \$9,216,456 the previous year. Expenses were \$8,818,086 as compared with \$8,796,521 the previous year.

Investment income was \$4,121,163, giving a comfortable margin over dividends of \$3,999,982. In 1938 the investment income was \$3,603,058 and the dividends \$3,599,369.

Assets of Fidelity-Phenix amount to \$77,992,581, an increase of about \$2,000,000. Capital of Fidelity-Phenix is \$3,750,000 and net surplus \$51,504,983, a gain of nearly \$3,000,000.

Earned premiums made an increase of about \$40,000 and amounted to \$15,561,604. Losses were about \$60,000 lower, amounting to \$7,454,480. Expenses were \$7,164,838 as compared with \$7,036,273.

Investment income was \$3,631,791 and dividends were \$2,999,992.

Niagara Fire assets were \$24,398,807, premium reserve \$5,041,958 and policyholders surplus \$18,216,392.

American Eagle had assets \$18,282,457, premium reserve \$2,974,291, policyholders surplus \$14,178,371.

First American had assets \$4,810,150, premium reserve \$893,525 and policyholders surplus \$3,721,683.

Assets of Maryland were \$3,226,396, premium reserve \$357,453 and policyholders surplus \$2,769,325.

St. Paul F. & M. Reports Handsome Gains During '39

St. Paul Fire & Marine, in its new annual statement, reports assets \$44,466,000, a gain of \$2,843,000. Surplus to policyholders was \$31,000,000, an increase of \$2,145,000. Capital during 1939 was increased from \$4,000,000 to \$10,000,000. Premium reserve was \$9,600,000 and there is a security depreciation reserve of \$569,000.

Net underwriting profit earned was \$921,476 as compared with \$606,000 in 1938. Investment income exceeded \$1,500,000 as compared with \$1,467,000 in 1938.

Net premiums written amounted to \$12,077,000, a gain of \$47,000.

The affiliated Mercury reported net premiums of \$2,073,000, a slight gain. Underwriting profit was \$94,400 and net profit \$43,000.

Assets of Mercury are \$6,464,708, capital \$1,000,000 and net surplus \$2,970,401. Increase in premiums was \$8,649, increase in premium reserve \$75,041, increase in assets \$248,924, increase in surplus \$137,826.

State of Pennsylvania Has Some Changes in Staff

PHILADELPHIA—At the annual meeting of the State of Pennsylvania. R. L. Austin was elected a director, succeeding J. C. Jay, who has been elected president of Fifth Avenue Bank, New York. Mr. Austin was formerly chairman and federal reserve agent, Federal Reserve Bank of Philadelphia. R. V. White, president Lehigh Coal & Navigation Co., who was elected to the

board last year, was reelected for a full term. Other directors also were reelected.

At the board's organization meeting, the officers were reelected, with the following changes: Assistant Secretary Elmer Van Dusen was elected secretary and takes the place of J. H. Gifford, who has been appointed secretary emeritus. Mr. Gifford suffered a stroke and, although slightly improved, is still seriously ill. W. E. Chase was elected assistant secretary.

Crane Vice-president of the Westchester Fire

NEW YORK—W. R. Crane, with Crum & Forster since 1907, and manager of the metropolitan department of the associated companies for 25 years, has been elected a vice-president of the Westchester Fire, and will assume certain duties previously handled by the late President O. E. Schaefer. He will also serve as aid to Vice-president Harold Junker. He continues as secretary of Crum & Forster.

As manager of the metropolitan department Mr. Crane will be succeeded by L. H. Oetjen, who had been his chief assistant for a number of years. Mr. Oetjen came to the Crum & Forster organization in 1913 when it purchased control of the Williamsburg City, with which latter company he had been employed for several years. Through the years he traveled extensively as a special agent in different sections, subsequently being assigned to the metropolitan department.

Clark Becomes President of Merchants Fire of Indiana

Ralph B. Clark has been elected president of Merchants Fire of Indianapolis, taking the place left vacant by the death of W. V. Smock. Mr. Clark was also elected president of the affiliated Indiana Retail Merchants Association Mutual Fire.

The new president has been the secretary of Merchants Fire since it was organized. He is regarded as having been the principal factor in the organization of the company.

Robert W. Clark, formerly assistant secretary, has been elected secretary of Merchants Fire. Floyd C. Wright of Wright & Wright of Columbus, Ohio state agents of Merchants Fire, was elected a director, filling the vacancy caused by the death of Mr. Smock.

Lighted Window Display

HARTFORD—A new three-dimensional lighted window display with 12 changeable four-color panels, one for each month in the year, is made available to the agents of the companies of the National Fire group.

The display piece, made of painted-sprayed wood and heavy lithographed cardboard is 24½ inches high by 24 inches wide by 8½ inches deep. A circular wooden frame holds translucent 17-inch changeable colored panels by means of two wingnuts. The display is equipped with a flasher.

Inter-Ocean Makes Report

Inter-Ocean Reinsurance of Cedar Rapids, Ia., has issued its 1939 statement, showing assets \$5,795,196. On an actual market value the assets would be increased to \$5,901,196. Premium reserve is \$3,260,071, capital \$500,000 and net surplus \$1,615,947. On a market value basis, net surplus would be \$1,721,946.

Houston F. & C. Territory

Houston Fire & Casualty of Houston, Tex., which recently was awarded the contract for insuring nationwide the properties of the Farm Security Ad-

ministration, is licensed in Alabama, Florida, Georgia, Mississippi, Texas, Washington, Oregon, Tennessee and District of Columbia for fire lines; and in Florida, Oklahoma, California, Montana, Texas and Tennessee for casualty.

Home's Annual Exhibit

The new annual statement of the Home of New York shows assets \$123,056,998, increase \$5,251,684. The main items are cash, \$15,295,881, federal government bonds \$10,753,105, other bonds and stocks \$86,911,891, premiums uncollected \$8,353,236. The premium reserve is \$48,121,615, increase \$4,563,209. The loss reserve is \$6,190,596, capital \$15,000,000, net surplus \$50,371,517, which shows a decrease of about \$100,000.

The liquidating value of the Home shares is \$28.97. Its net premiums last year were \$57,662,966, increase \$8,153,927 or 17 percent. Liquidating value shares of New Brunswick is \$37.53, the City of New York \$26.95, Homestead \$22.44, Carolina \$39.61.

W. H. Lang, president of United Properties, Inc., has been elected a director of the **St. Paul F. & M.** to succeed the late Charles Donnelly.

The **Jersey** of New York has been licensed in Nebraska.

Georgia Home of the Home fleet has declared an extra of 15 cents per share, as well as the regular semi-annual dividend of 50 cents, both payable Feb. 1 to stock of record Jan. 20.

Shareholders of the **New Brunswick Fire** of the Home fleet, as of Jan. 19, will on Feb. 1 receive in addition to the semi-annual dividend of 75 cents per share an extra of 15 cents.

On Feb. 1 the **Westchester Fire** of the Crum & Forster group will pay stockholders of record Jan. 20, in addition to the quarterly dividend of 30 cents per share, an extra of 10 cents.

Dearborn National of Detroit has been licensed in California with J. H. Glenn as general agent.

Takes Long Pullman Trip— Springfield to Springfield

Alvin S. Keys, prominent Springfield, Ill., local agent, past president Illinois Association of Insurance Agents and now national councillor of the National Association of Insurance Agents, did not attend the conference of national councillors last week in Chicago, although he started out from home with the full intention of doing so. Thereby hangs a tale.

Last Thursday night, Mr. Keys with his transportation to Chicago safely stowed in a pocket and every other detail of his trip—except one—thoroughly accounted for in his usually efficient way, went down to the station at Springfield and entered a sleeper. He disrobed, climbed into a berth, probably mentally congratulated himself on the wonders of modern transportation which permit a man to get a good night's rest while he is being transported elsewhere, and went to sleep.

He was not awakened by the porter in the morning, but finally got up and dressed, picked up his bag and hurried out of the sleeper to hail a taxicab.

Unusually Restful Trip

An old familiar scene greeted his eyes. The scene was the view from the Springfield, Ill., railroad yards. Mr. Keys' sleep had been untroubled by the clack of sleeper wheels over rail joints, stops and starts, grunts and squeals of a railway journey, for the sleeper had reposed peacefully in the Springfield yards all night. The temperature being 14 degrees below zero, transportation was tied up, and the train had not moved.

Hurrying to a telephone, he communicated by long distance with the executive office of the association in the Insurance Exchange, Chicago, explaining his predicament. In the emergency, P. B. Hosmer, veteran in the agents association and former national councillor, was selected to substitute for Mr. Keys.

NEWS OF FIELD MEN

Corroon & Reynolds Notables Attend Field Conference Blue Goose Rally

The Corroon & Reynolds companies are having their annual field roundup for the central west at the Edgewater Beach Hotel, Chicago, this week. Vice-president E. S. Inglis is on from the head office and is the generalissimo in charge. He presided at the banquet. Other home office people are General Agents Don E. Chilcote and Ralph R. Chapman. Gus Arteth, assistant to Mr. Chilcote, is on the program. Howard Keyes, head of the inland marine department, and J. A. Corroon, secretary, were also in attendance. About 30 field men were on hand.

George E. Shank, Jr., state agent Fireman's Fund, has been named general chairman of the Business Development Committee of the Kansas Fire Underwriters Association to succeed C. E. Bleckley, Northern Assurance, whose illness makes it impossible for him to carry on.

WASHINGTON, D. C.—The annual jamboree of Chesapeake pond and Potomac puddle of Blue Goose was held here, prefaced by a cocktail party given by Louis Johnson, assistant secretary of war for the West Virginia Fire Underwriters Association. Mr. Johnson is a native West Virginian. After the cocktail party approximately 70 members and non-members of Blue Goose attended the jamboree dinner.

Post-prandial entertainment, arranged by Harry Hazelhurst, most loyal gander, was provided by a chalk-talk artist, a monologist, and a Chinese magician. The artist was applauded when at the conclusion of his act he drew a picture of a barrel, stuck a real bung in the penciled bung-hole, and poured out real beer.

Among the guests were: Joseph R. Knowlan, most loyal grand gander, Philadelphia; Arthur F. Herman, Home of New York, most loyal gander of the West Virginia pond; Albert C. Word,

most loyal gander Virginia pond; Gordon Kyle, secretary, Aetna Fire; S. F. Nining, eastern department manager, Royal-Liverpool groups; A. E. Hill, vice-president Home of New York group; H. G. Collamore, vice-president National of Hartford, chairman West Virginia supervisory committee; J. M. Waller, vice-president Aetna Fire; C. E. Wheeler, western manager Hartford, Chicago; J. S. King, secretary Continental; W. C. Brown, secretary National of Hartford, and W. M. Houston, New York, secretary middle department Northern Assurance.

South Dakota Field Men. Credit Men in Joint Session

SIOUX FALLS, S. D.—The South Dakota Fire Underwriters Association was invited by the Sioux Falls Credit Men's Association to present a public relations program in behalf of stock fire insurance at a meeting here. The program was preceded by a dinner with about 50 in attendance. D. P. Lemen, president Queen City Fire, presided.

The program consisted of several ten-minute talks: "Local Agency Service," by R. W. Hayward, National, president Fire Underwriters Association; the "Rating and Engineering," by C. E. Mc-

American Equitable Assurance Company of New York
Organized 1918 Capital \$1,000,000.00

Globe & Republic Insurance Company of America
Philadelphia, Pa. Capital \$1,000,000.00 Established 1862

Knickerbocker Insurance Company of New York
Organized 1913 Capital \$1,000,000.00

Merchants and Manufacturers Insurance Company of New York
Organized 1849 Capital \$1,000,000.00

New York Fire Insurance Company
Incorporated 1832 Capital \$1,000,000.00

United States Fire Department
Switzerland General Insurance Company, Ltd.
Zurich, Switzerland Established 1869



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MANAGER

New York

Laughlin, manager Fire Underwriters Inspection Bureau, Sioux Falls; "Fire Prevention," John W. Krug, America Fore, secretary South Dakota Fire Prevention Association; "Claim Service," Wayne C. Foster, Western Adjustment, Sioux Falls; "Underwriters Laboratories," J. V. Jennewine, Commercial Union, president Fire Prevention Association, and "National Board Activities," W. H. Mashek, St. Paul Fire & Marine.

An open forum was conducted by Burt Burton, Home, secretary of Fire Underwriters Association. The questions revealed that considerable interest had been created among those in attendance. It was felt that closer cooperation between the credit men and insurance men, who have many things in common, had been stimulated.

Illinois Field Men Hear Cooperatives Discussed

More than 100 field men and guests attended the semi-annual meeting of the Illinois Fire Underwriters Association at Springfield, Ill. Featured was R. L. Dubois, Indianapolis, chairman Indiana Business Development activities, who discussed consumer cooperatives. Following him, Wallace Rodgers, assistant manager Western Underwriters Asso-

ciation, Chicago, spoke briefly. H. A. Reinbach, superintendent, Illinois Inspection Bureau, Springfield, was present.

Presiding as chairman was Henry O'Loughlin, Phoenix of Hartford, Chicago, president. Miss E. E. Edwards, secretary-treasurer, gave a report.

It was decided that the annual meeting would be held at Lake Wawasee, Ind., June 13-14, instead of at the Golfmore Hotel at Grand Beach, Mich. Last year fire razed that structure and it appears that the rebuilt hotel will not be ready at that time.

Memorials were read at the meeting for G. W. Stuck and E. R. Gardner, Illinois field men who died last year.

In the afternoon a business development session was held under the chairmanship of A. R. Miller, special agent, America Fore, Chicago.

The semi-annual meeting this year was said to be one of the most interesting held. Mr. Dubois' talk, which lasted for more than an hour and one-half, was intently followed and members expect much good to come of it.

Richmond, Century Name Wilson

F. M. Gund, western manager Crum & Forster, announces that the Richmond of New York has appointed the J. M. Wilson Corporation, Kalamazoo, as

state agent for Michigan. The Wilson Corporation has branches in Grand Rapids and Detroit. It covers the entire state of Michigan and has five field men.

Century of Scotland also has appointed the J. M. Wilson Corporation its state agent in Michigan.

Travelers Makes Changes in Two Branch Offices

M. T. Wilson, formerly manager of the Travelers Fire at Charlotte, N. C., has been promoted and transferred to the home office as superintendent of agencies. His place has been taken by B. C. Wuersch, who was manager at Pittsburgh.

To succeed Mr. Wuersch, P. W. Newman, formerly assistant manager at Philadelphia, was transferred to Pittsburgh.

Mr. Newman is a native of Lynn, Mass., and was employed by the Travelers in 1925 as special agent at Worcester, Mass. He was made manager at Worcester in 1927, and in 1936 was promoted to assistant manager in Philadelphia.

Wilson Loses Out in the Reorganization Plan

Freeman Wilson of Port Clinton, O., Cuyahoga county manager of the Rhode Island and Merchants of Providence, has been notified by his home office that in the reorganization in all the departments following the merger of the two companies, he cannot be placed in a satisfactory position. There are a number of changes in personnel. Mr. Wilson has been with the Rhode Island since 1916 as a field man. He is the dean of its special agency force. He is one of the energetic field men in his territory and hopes to make a new connection in the near future.

L. L. George Heads Pacific Northwest Association

PORTLAND, ORE.—At the joint meeting of the Oregon and Washington divisions of the Special Agents Association of Pacific Northwest, L. L. George, Hartford Fire, was elected president; T. B. Thompson, North British & Mercantile, vice-president, and John E. Meeke, Fireman's Fund, secretary.

"Pat" Malloy, Washington special agent Great American, was the principal speaker and toastmaster. Among the guests were C. C. Hannah, first vice-president Fireman's Fund, and R. L. Countryman, Pacific Coast manager Norwich Union and president of the Pacific Board, both of San Francisco. Commissioner H. Earle of Oregon, C. F. Wagner and A. J. Snow, manager and assistant manager Oregon Insurance Rating Bureau; Lloyd Beattie, president Washington division, and W. R. Robertson, vice-president Washington division.

Lewis Heads N. J. Field Club

NEWARK—At the annual meeting of the New Jersey Field Club S. G. Lewis, Springfield Fire & Marine, was elected president, succeeding John N. Ochs. Other officers elected were: Vice-president, W. R. Carlson, Glens Falls; secretary, R. C. Hamilton, Queen; treasurer, G. H. Martin, New York Underwriters. The executive committee is composed of J. N. Ochs, Continental; Joseph Kasas, National Union; F. G. Adams, Travelers Fire, and James C. Jamieson, National Liberty.

Ohio Speakers Group Meets

COLUMBUS, O.—D. P. Haguer, Rogers, Eagle Star, Ohio Business Development chairman, presided at the meeting of the Ohio Stock Fire Speakers Association. R. E. Zimmerman, Commercial Union, explained the difference between a mutual life company and a mutual fire company. Charles D. Lamb, Automobile of Connecticut, discussed planned efforts and Walter H.

Excelsior Special Agent Uses Plane in Work

SYRACUSE, N. Y.—The Excelsior now has an aviator-special agent. Richard A. Leiby of Bath, Pa., who joined the Excelsior a year ago, has been covering a large territory, including New Jersey, eastern Pennsylvania, and southeastern New York. Although he drives an average of 5,000 miles a month by automobile, he frequently leaves his car in Bath and uses a plane, which he owns, to get to a destination quickly.

Mr. Leiby was formerly a mail flyer and several times he has been invited to enter the annual flight to Miami in which prominent air enthusiasts participate.

Recently Mr. Leiby was called to a hospital in Waynesboro, Pa., where one of his agents was seriously ill and help was needed quickly. Mr. Leiby was reached by telephone in Atlantic City. Leaving there he drove 150 miles to Bath, hopped into his plane, and was in Waynesboro, another 150 miles away, that same afternoon.

Ross, Home, told of the value of research.

Beal in Northern Illinois

C. S. Beal, an engineer connected with the service department of the Royal at Chicago for the past several years, has been appointed special agent for the company in northern Illinois, in succession to G. R. Pape, recently resigned to associate with another company at its Boston office. Mr. Beal will make headquarters at Elgin.

Plan Roundup Feb. 5-10

Northern Assurance will hold its annual roundup, Feb. 5-10, at the United States headquarters in New York City. It is expected that all field men will be called into the home office and be given the opportunity of visiting the new office opened since the round up held last year.

Eagle Star Conference

NEW YORK—Field men of the Eagle Star from all reporting territory will meet here through the week of Feb. 12. A program is being worked out by the management, which will insure a thorough discussion of all lines of business written by the company, and of general underwriting conditions in the field.

Aetna Fire's Pacific Shifts

Two Pacific Coast field men have been transferred by Aetna Fire. H. B. Murray, special agent, goes from San Francisco to Seattle to cover western Washington territory, succeeding the late R. T. Williams. H. S. Schafer, field man in southern California, was assigned to cover territory formerly serviced by Mr. Murray.

Wight Speaks in Boston

M. G. Wight, secretary Hartford Fire, will address the Bay State Club in Boston Jan. 26. His subject is the importance of equitable adjustments and the part that an adjuster may play in the field of public relations. Staff, independent and fire company adjusters are invited.

St. Paul F. & M. Names Waterman

The St. Paul Fire & Marine group has appointed F. C. Waterman, formerly with the Great American Indemnity, as state agent in eastern New York, succeeding M. L. Hughes. His office will be at 61 State street, Albany.

Name S. C. Cooperation Committee

The South Carolina Fieldmen's Conference has appointed the following committee to cooperate with the officers and executive committee of the South Carolina Association of Insurance



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Will Wrightem
Field Correspondent

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INDEMNITY CO. OF N.Y.
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NEW YORK CITY

Agents: John Satterlee, chairman; H. C. Porter, Jr., Weston Patterson, H. K. McCormac, C. F. Perry and J. E. McDavid, Jr.

Two Minnesota Changes

George Van Wagenen, who recently resigned as state agent in Minnesota for the National Union, has been appointed general agent in Minnesota for the Mercantile.

Roy Dickinson has resigned as state agent for the Eagle Star.

Harris Resigns Mountain Field Post

James M. Harris has resigned as state agent of the London & Lancashire group in the Rocky Mountain field. He took that position about a year ago.

FIELD NOTES

William Boelter, assistant football coach at Syracuse University, showed the Syracuse (N. Y.) Field Club football movies taken last fall.

W. H. Harrison, veteran Iowa state agent for National Fire, has returned to his duties after a siege in the hospital at Council Bluffs.

E. S. Freeman, Iowa-Nebraska state agent of Agricultural, who has been ill in the Clarkson hospital at Omaha, expects to resume his duties shortly.

E. L. Harris, retired United States consul general who has served in important cities all over the globe, addressed the San Francisco Blue Goose Monday. The annual dinner dance will be held Feb. 5, just prior to the annual meeting of the F. U. A. P.

The Oklahoma Fire Prevention Association sponsored a three-day fire prevention school for field men with Harry K. Rogers, Western Actuarial Bureau, Chicago, as instructor.

Endorsement to Extended Cover Causing Problems

Some regret is being expressed privately by western fire insurance executives that a revised edition of the extended coverage endorsement was not published when the recent changes in this form were put into effect by a mandatory endorsement last fall. The endorsement adds "civil commotion" to the coverage of the riot section and changes the war risk exclusion clause to conform with that incorporated in the simple explosion policy by the Explosion Conference last September.

At the time these changes were introduced sentiment was overwhelming against making any revision in the extended coverage endorsement itself, the feeling being that a nationwide form had been adopted with a reasonable degree of uniformity after a prolonged struggle and that changes should be made only through the regular channels after interregional conferences. However, in most New England states, in New York and in some other territories the extended coverage endorsement has been reprinted to embody these changes. In the west, where the mandatory endorsement is required to be attached to the extended coverage endorsement, it is reported that agents are forgetting to do this and that audit bureaus and stamping offices are faced with an unprecedented number of criticisms on this point. It is felt, accordingly, that the dream of uniformity has not been realized due to the action of other jurisdictions and requiring the endorsement to the extended coverage endorsement has caused a great amount of trouble for everybody.

The present situation regarding the extended coverage endorsement is discouraging to those who hoped for uniformity. In the different jurisdictions

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According to

PHIL

By Phil Braniff
Insurers Indemnity &
Insurance Co., Tulsa



In a little town
I used to know
On the road down there
In the long ago

Live a couple of kids
Who were sure to be bums.
Who bit their nails
'n Sucked their thumbs

And wouldn't say thanks
Or wouldn't say please
And rubbed their noses
On their sleeves

And gadded about
And put on airs
And wouldn't kneel down
To say their prayers

They didn't say 'scuse me
'n weren't polite
'n their finger nails
Were an awful sight.

They made ugly faces
'n sassed their folks
'n wouldn't eat spinach
'n nice egg yolks.

Ate cookie dough
And licked the pans
And ate their dinner
With their hands

They didn't brush
Their teeth at all
And threw their clothes
Down in the hall.

Then they both grew up
Like a couple of weeds
And what do you think's
The result of their deeds?

One man's a professor.
The other one
A financier.
I'm a son-of-a-gun!

now there is used a revised extended coverage endorsement, the standard extended coverage endorsement with the mandatory endorsement, the extended coverage endorsement with no endorsement, a special extended coverage endorsement or an old supplemental contract.

Survey Plan Ownership Upheld

The supreme court of Canada has substantially upheld the finding of the exchequer court in lengthy litigation arising out of the use of survey plans in fire insurance in Canada.

The exchequer court found that the Canadian Underwriters Association had the copyright on these plans and their use by non-tariff companies was an infringement of the copyright. It granted an injunction against Massie & Renwick, restraining them from using these plans.

The supreme court supported the exchequer court ruling, except that it found that rating material brought into existence after Jan. 1, 1924, was not copyrighted by the association because, being unincorporated and having a fluctuating membership, it was not then in position to be the proprietor of a copyright.

General Agents Meeting

Secretary Herbert Cobb Stebbins of the American Association of Insurance General Agents states that the date for its annual meeting has not been decided, although it will be held in Dallas. It has not yet determined its hotel headquarters.

William Dorris has opened a new agency in the Duckworth building, Clovis, N. M.

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SURVEY. THIS INVOLVES NO OBLIGA-
TION MY PART.

NAME _____

COMPANY _____

ADDRESS _____

Issues Discussed at Meeting by Earls

(CONTINUED FROM PAGE 3)

"We and our predecessors occupy the enviable position of being able at all times to attract a favorable hearing from our companies as are few other state organizations. Some of the concessions obtained in Ohio are not to be found in other states, and were our experience less favorable, our neighboring states probably would be forced to pay higher rates than they do now. That is why Ohio can stand on its right of independent thinking."

Saying that the questionnaire sent out to the insurance departments by the National Temporary Economic Committee, bears the earmarks of a sortie into the general proposition of concentration of insurance supervision in Washington, Mr. Earls continued:

Prefer State Supervision

"It so happens that we, as well as the majority of the people in Ohio, prefer to have our insurance activities regulated by our own state laws; we want our supervising officials right here in our own state. We prefer to conduct our insurance negotiations in the homelike tranquility of our own state capital, and not in the political confusion and multiplicity of autocratic bureaus in Washington."

"Our own superintendent of insurance is an independent thinker. He is in intimate touch with insurance conditions in Ohio and competent to protect the people of Ohio in all of their insurance transactions. If and when government inquisitors threaten the inviolability of state supervision of insurance, loyalty to our state, to our superintendent and to our customers demands that we swing into action with all the independence of mind and fearlessness of consequences of which we are capable."

He said that, in his opinion, the federal monopoly investigation of life insurance "undoubtedly will serve as the first taste of blood to governmental marauders, and the other classes of insurance are their inevitable next prey."

Quoting from "Nation's Business," "If the people accept the fallacy that there is cause for condemning the institution of insurance, the camel's nose will slip under the tent," Mr. Earls said that the political camel's nose in the state insurance tent is less serious than when the federal government begins to cast an avid eye on the insurance business.

Automobile Finance Business

In the field of financed automobile insurance, he expressed concern over the pushing out of the finance companies into insurance company ownership, but drew comfort from the decision of the federal court in Indiana holding General Motors in violation of the anti-trust laws, and in the order of the Federal Trade Commission to motor finance companies to discontinue their advertising of a 6 percent carrying charge, when the FTC insists that the charge actually is around 11 percent.

"With this trend in evidence," he said, "I believe that the automotive manufacturers and the finance companies will proceed more cautiously in the future on the question of insurance, because this item which is so generally included in the financing charge may well be scrutinized by the federal courts and the Federal Trade Commission."

Local banks, he said, "are the key through which we can unlock this storehouse of insurance premiums," and he advised all agents to enter into financing arrangements with their banks.

Saying that "regimentation of borrowers' interests," as condemned so recently by Commissioner Harrington of Massachusetts is not confined to the automobile finance business, Mr. Earls said:

"We have read a great deal lately

about the Paramount Fire, a company organized by a group of mortgage bankers who are also insurance agents, and originally reinsured 100 percent by one of the largest of the fire companies. At the moment, we are not involved in this individual instance, because the company has not yet even applied for admission into Ohio. We read that the nationwide agitation has been quieted; that the company has agreed not to confine its writings to the properties on which its banker-agent-stockholders make loans, and that the original 100 percent reinsurance deal will be modified. We are concerned not so much with the details in connection with this particular company, but with the germ of the idea that engendered it—the regimentation of borrowers' insurance, whether it be in connection with financed automobiles or with mortgaged properties."

Safe Driver Reward Checks

Saying that agents now are witnessing the public reaction to the checks being sent out under the safe driver reward plan, Mr. Earls said that these checks come to them as "manna from heaven—and every safe driver reward check is sowing the seeds of mutual insurance in the consciousness of its recipient." He predicted that the plan will be abandoned, or the entire business will go mutual.

He finds another evidence of the mutualistic trend in the proposal of the United States Guarantee to amend its charter so that it may permit policyholders to participate in the profits of the company.

"Technically," he said, "there is a difference between the mutual plan and the participating form of insurance, but there is no difference in principle. Who knows what companies will be next to switch to participating insurance?"

"Once more we have the perfect analogy of the camel's nose in the tent—in such cases, the mutual camel in the stock insurance tent, invited to enter by stock insurance itself."

Touching briefly on the question of excepted cities, Mr. Earls said:

"Another warning I see in the sky comes from the agency field itself. I speak of the introduction of the subject of excepted cities by the president of the National Association of Insurance Agents before the meeting of the insurance commissioners in December. It appears to me that he went very much out of his way in an attempt to stir up a question which apparently was settled to the satisfaction of the commissioners several years ago in Chicago, at a meeting of representative agents and company officials. We hope that the appeal of the sonorous phrase, 'excepted cities not excepted,' was the only significance of this reference."

Agency Licenses

Speaking of the recommendation of Superintendent John A. Lloyd of Ohio at the annual meeting of the Ohio association, that consideration be given to asking the legislature to set up minimum requirements for agency licensing, with the ultimate goal, requirement of college training, Mr. Earls said:

"This is the end we all seek. What shall the method be? Personally, I am not sure that we are prepared to ask for legislation until we, as a state association, have done our part in bringing educational facilities to every member and to every prospective agent. We do not want to legislate them out; we do want to educate them in."

"We must raise our own standard before we ask the legislature to help us to maintain it. Certainly we want no drastic law. We would not witness in Ohio the shameful spectacle of company litigating against agent in the matter of agency laws which should, in all

good conscience, be settled around the conference table, and not before the courts. Now that the Supreme Court of the United States has agreed to review the position of the casualty companies in their test suit attacking the constitutionality of the Virginia counter-signature law, we may look for a guide post to direct any further action we may wish to take in regard to agency legislation."

"But first, let us set up our own educational standards on a voluntary basis and, as a statewide organization, make it possible for every agent in the state to equip himself properly to serve his clients and his companies, and earn his own livelihood with dignity founded on knowledge."

Plan New Hampshire School

MANCHESTER, N. H.—Within the next few weeks the New Hampshire Association of Insurance Agents will sponsor an insurance school in one of the large cities of the state in cooperation with the New Hampshire board of education and the federal bureau for vocational education. The classes will be under the control of the local school board and under the supervision of the local superintendent of schools. The executive committee of the state association, meeting in Concord Tuesday, voted to start one school soon. The chairman of the educational committee is F. L. Demeritt, Exeter.

Glidden Talks to Distaff Group

Jay S. Glidden, manager Chicago Board, addressed the Insurance Distaff Executives Association of Chicago at its regular monthly meeting.

Four members were appointed to serve on the executive board by Miss La Verne Hand, Chicago Board, president. They are Mrs. K. L. Belcher of the K. L. Belcher agency; Miss Catherine Cavanaugh, Western Insurance Bureau; Miss E. M. Doty, Western Underwriters Association, and Mrs. Sadie M. Hoffman, Underwriters Laboratories.

Miss Mary V. Kelly of Lyman, Richie & Co. was elected to membership.

Would Bar Lender Discrimination

NEW YORK—Despite the veto of a similar bill by Governor Lehman last year, brokers are hopeful for more favorable action on the measure now before the legislature, prohibiting banks, insurance companies or other institutions loaning on property from designating any particular broker to handle the insurance.

El Paso Exchange Reelects

The El Paso (Texas) Insurance Exchange has reelected all officers, as follows: President, C. F. Alexander; vice-president, R. S. Crowell; and secretary-treasurer, E. T. Skipworth. Directors are T. M. Wingo, D. R. Mapel, C. M. Irvin, C. H. Eckford and C. F. Saunders.

Mrs. Hugo Dalmar of H. Dalmar & Co., Chicago, held a buffet supper and reception in her home for the former operatic star, Maria Zendt. Among those present were the pianist, Moysa Boguslawski, and his wife; Edith Mason and her husband, Charles Luivay, well known accompanist; Phyllis Fergus, honorary president of the National Pen Women of America, Mr. and Mrs. H. Philip Maxwell of Chicagoland Music Festival fame, and other members of the board of the Women's Symphony Orchestra of Chicago.

Fred D. Sauter, Jr., inland marine special agent for New Hampshire Fire with headquarters in Chicago, was married to Caroline Hooper Buck of Evanston, Ill., daughter of Mr. and Mrs. Nelson L. Buck. Mr. Sauter is the son of Fred D. Sauter, prominent Chicago agent and Cook county manager, and Mrs. Sauter. Fred Sauter, Jr., just recently went with New Hampshire. Pre-

Follin Elected as Head of Winston-Salem Exchange

WINSTON-SALEM, N. C.—Thomas Follin was elected president of the Winston-Salem Insurance Exchange at the annual meeting here. Other officers elected included R. M. Watson, vice-president; J. E. Davis, secretary-treasurer, and H. C. Horton, W. W. Conrad and J. C. Nicholson, directors. Retiring officers were E. T. Pullen, president; Thomas Follin, vice-president, and W. W. Conrad, secretary-treasurer.

A humorous memorabilia by J. C. Nicholson, "Hot Spots of the Past Year," featured the entertainment program. Mr. Pullen presided and reported a successful year. W. W. Conrad reported on the condition of the treasury.

Rufus McAden, local representative of the North Carolina Inspection & Rating Bureau, spoke briefly on the record of fire insurance locally and in the state the past year.

viously he was connected with Marsh & McLennan in Chicago. He is a graduate of Princeton University.

Wisconsin Tax Book

Publication of two new books of interest to all citizens has been announced by the Wisconsin Taxpayers Alliance, Tenney building, Madison. The 1940 edition of "Taxes" gives a brief explanation in question and answer form of all state and federal taxes levied on individuals and corporations in Wisconsin. This is the fourth edition of this pocket-size tax dictionary. "Taxes" includes all changes in tax rates made by the last sessions of the Wisconsin legislature and the federal Congress, and applies to taxes which will be paid by Wisconsin taxpayers in 1940.

Two new features have been added to the 1940 edition of "Taxes," a complete schedule of automobile fees and truck taxes, and a brief description of the federal income tax changes which will become effective in 1941. Cost of "Taxes" is 25 cents per copy.

Also issued by the Alliance is its "Summary of 1939 Wisconsin Laws." This reference book is a digest, not a copy, of all laws passed by the 1939 session. The various acts are boiled down to a concise summary and stated in plain, non-technical language for the benefit of the average reader. Cost of the "Summary" is 50 cents per copy.

Getting Assured Committed

Frequently agents in making out a program for an assured may advise certain coverages which the policyholder declares he does not want. The agent is very conscientious in his suggestions. Later the assured may have a claim which would have been covered under the suggested policy. Often an assured will blame the agent for not seeing to it that he had proper coverage even though he had turned it down. This sometimes creates considerable personal feeling. Many agents, therefore, adopt the course of having a form letter properly dated to be signed by the assured, stating that he does not desire the coverages recommended. This is a real protection to the agent.

Members of the Illinois State Fire Prevention Association will meet at dinner in Clinton, Ill., on Feb. 20 with members of the Kiwanis Club and other civic organizations. President J. Lewis Cassell, London Assurance, will introduce J. Burr Taylor of the Western Actuarial Bureau, who will be the main speaker of the evening. The following day an inspection will be held. It is planned an inspection of Monmouth, Ill., will be made some time in March.

Baker & Kollars, the Leroy Baker agency and William A. Davidson, Lima, O., have been merged as the Baker-Kollars-Davidson Agency, with offices at 1003 Lima Trust building.

Agents, Managers in Central West Meet in Conference

Eight mid-western national councillors of the National Association of Insurance Agents, headed by George W. Carter of Detroit, chairman of the national councillor committee for the mid-western territory, met with the subscribers actuarial committee of the Western Underwriters Association in Chicago to discuss problems of joint interest.

"Agency Bulletin," publication of the National association, related that sev-

be produced for the stock companies without eliminating rules that are necessary for the safe, conservative conduct of the business.

Plan Alhambra, Cal., Exchange

LOS ANGELES—Agents at Alhambra, under the guidance of the Associated Agents Committee of Southern California, met and made preliminary plans for the formation of a local exchange. Insurance agents of Fontana and surrounding cities and towns of San Bernardino county heard L. L. Brown of the National Automobile Club point out the advantages of stock insurance and urge the support of those companies subscribing to the guiding principles.

Cold Weather Hampers Work

Sub-zero weather the past week lessened considerably the ability of field men to get around in the middle west and eastern states. Although many roads have been partially opened, automobile travel was hampered considerably. Many field men traveled by train rather than automobile because of snow and icy roads, which meant that fewer agents were contacted. On account of railroad time schedules it was difficult to make good connections.

Omaha Urges U. S. Chamber to Act

Insists That Steps Be Taken to Stop S.E.C. Investigation of Insurance

OMAHA — The directors of the Omaha chamber of commerce have asked the United States Chamber of Commerce to launch a nationwide movement to stop the insurance investigating activities of the Securities & Exchange Commission.

The directors adopted a resolution condemning the investigation, charging that it has drifted far away from its expressed purpose and is attempting to lay a foundation for governmental regulation and control of insurance.

Not in Public Interest

The directors asked the national organization to use its influence to "combat the tactics employed by these investigators" and "encourage member chambers to use every available opportunity to impress upon their respective congressmen and senators that the pur-

pose and scope of the investigation is not in the interest of public welfare."

A governmental insurance system would be unfair, would bring about exorbitant taxes and would be "an encroachment upon the success of free American enterprise," the resolution charged.

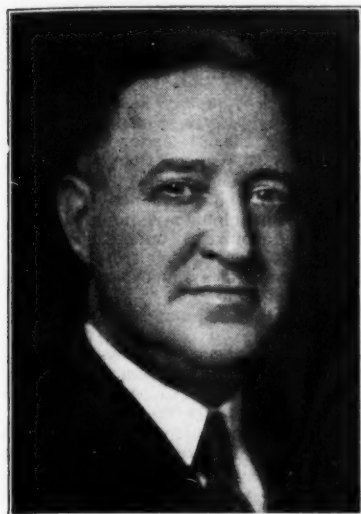
The resolution charged that the investigators have been building up a record to "discredit the life insurance institution." It said the investigators have not given complete facts on the insurance business but pointed out "occasional errors inherent in any system."

Investigators have excluded the good points of the present insurance system, the directors' resolution said.

Rouillard, Griffin Speak Feb. 1

CONCORD, N. H.—Commissioner Arthur S. Rouillard and Motor Vehicle Commissioner John Griffin will be the speakers Feb. 1 before the Merrimack county division of the New Hampshire Insurance Women's League. The meeting is scheduled for 6:30 p.m. at the Eagle hotel in Concord. The commissioners will explain new regulations under the financial responsibility law.

A. W. Yard has taken over the Lemley & Yard agency, Washington, D. C. E. Lemley retires because of ill health.



GEORGE W. CARTER

eral proposals made by A. L. Jenkins of Richmond, Ind., national councillor, relating to various forms, might be considered but it was said in Chicago following the meeting that these were not taken up. In issuing the call, Mr. Carter requested the national councillors in the territory to submit any recommendations or topics for discussion. A great many matters of a technical nature were considered, but no decision reached.

Managers Who Attended

E. A. Henne, vice-president America Fore group, presided. Other managers attending included W. P. Robertson, general manager, North America; George H. Bell, western manager National of Hartford; S. M. Buck, vice-president Great American; H. A. Clark, vice-president Firemen's; J. C. Harding, executive vice-president Springfield F. & M.; C. H. Smith of Smith & Wheeler, managers Hartford Fire, and Fred W. Koeckert, U. S. manager Commercial Union. R. D. Hobbs, manager Western Actuarial Bureau, served as secretary of the joint conference, assisted by R. M. Beckwith, assistant manager.

Councillors on Hand

Among the national councillors attending in addition to Mr. Carter were A. L. Jenkins of Richmond, Ind.; R. W. Forshay, Anita, Ia.; A. B. Dunbar, Omaha; F. S. Preston, Minneapolis; A. H. Case, Marion, Kan.; W. B. Calhoun, Milwaukee, and P. H. Hosmer, Chicago, former national councillor, as a substitute for A. S. Keys, Springfield, Ill.

D. T. Marantette, Detroit, also attended the meeting.

Rule Changes Discussed

The gathering discussed means of changing rules so as to prove less of a handicap in securing business. The company men secured first hand information from the agents as to how rules work out in practice. Suggestions were made as to how more business could

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Many Agent are selling Insurance "parts" to their customers without a "blue-print". Our "Risk Detector" shows how to assemble them. It sells new business and cements the old. Send for a sample.

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BANKERS INDEMNITY INSURANCE COMPANY

THE JERSEY FIRE UNDERWRITERS

DIXIE FIRE INSURANCE COMPANY



Expect Revision of Reporting Forms

(CONTINUED FROM PAGE 3)

private underwriting circles, is theoretically not a reporting form, although it is usually referred to as one and in practice takes the place of a single location reporting form in the middle west. It provides for a provisional amount of insurance and a top limit of liability, but amounts of insurance are adjusted by endorsement every month. If there is no change in values, no monthly endorsement is required, whereas the reporting forms require a report every month, regardless of change. The form is generally regarded as cumbersome in wording and there appears to be no disposition to adopt it in other jurisdictions.

In companies where all reporting forms are handled by a separate general cover department, the merchandise and fixture form is some times referred to behind closed doors as a device to keep premiums "at home" in the regular agency departments.

Expect Single Location Form

The east has no reporting or quasi-reporting form for single locations. The only method in which fluctuating merchandise stocks of an assured having only one location can be covered without short rate penalties is by taking advantage of pro rata cancellation rules, where and to the extent that they are applicable. The virtually unanimous sentiment is that an assured of this type, with sufficient values to justify a reasonable minimum premium, has as legitimate a need for a reporting form as any one else. They confidently expect that the anticipated changes will bring about authorization of forms A and B for single location assured, and many feel that such a change will amount to a death sentence for the merchandise and fixture form.

The undisputed need for a reporting form at a single location brought about one abuse which present rules aim at correcting. Many assured, undoubtedly egged on by agents and brokers, reported as an additional location some spot where the assured had a very small amount of property or might have had some at some time. To check these evasions, the rules were later amended to provide that where there are less than five locations there must be aggregate values at other than the principal location to justify limits of liability of at least 10 percent of the total provisional insurance.

Frequent Abuses Denied

Middle western underwriters do not feel that there are many or staggering abuses of reporting forms in their territory. Every form provides for plenty of machinery for the company to check upon values and penalize the assured if he fails to report values correctly. Where any such abuses exist, they must obviously do so with the connivance and probably at the suggestion of the company or the agent. One underwriter stated that in 19 years of writing various types of reporting and quasi-reporting forms, his company has had to enforce the "honesty clause" only three times.

While it is true that consistently accepting incorrect reports would be one method of rate cutting, middle western fire insurance men doubt that this practice is widespread. Mutual companies, both direct and agency, have claimed that stock companies some times hold their business in the face of a lower rate quotation or a dividend by actually collecting a lower premium in spite of an apparently higher rate, but these charges have been difficult to substantiate. The general feeling is that if an assured "gets away" with an unreasonably low report one year, he will expect it every year and sooner or later the matter will come to light and the company will be

badly burned. The Interstate Underwriters Board exercises a very careful check on values and so do many state rating organizations. The several companies which have been a disturbing competitive influence during the past years have written a considerable amount of business under reporting forms, but the general opinion is that their activities have been no more drastic in connection with these forms than with any other phase of the business.

Underwriters admit that many assured are slow in their reports, as Mr. Nason charged, but they maintain that this is the fault of the company and not of any form. Few reporting forms are written without the assistance of a field man and they feel that if the agent is too ignorant or too timid to insist upon prompt reports, the field man should do so. To these insurance men, such situations smack of sloppy field supervision rather than cheating or rule evasion.

Cancellation Clause in Existing Policies Waived

(CONTINUED FROM PAGE 3)

HOLC mortgagors placed at their request by the corporation."

This HOLC situation presents a baffling problem to the insurance business. The HOLC is insisting upon country wide rates and there is the implied threat that if they do not get it, they will institute a federal insurance fund that will short circuit the private insurance companies entirely.

One suggestion that has been tentatively advanced, it is understood, is to submit a country wide bid of 26½ cents for the insurance on properties to which HOLC has title. Then there would be a credit of 20 or 25 percent in consideration of a fire prevention service to be conducted by the field men of HOLC and a self inspection program. Then the HOLC would be allowed a service fee of perhaps 10 percent. That would bring the rate to below 20 cents.

The problem of agency commissions is involved and there would have to be some sort of a counter signature allowance for local representatives, it is believed. The HOLC, it is understood, has suggested that the successful bidder station in the office of the HOLC a representative to take off information on punch cards so as to avoid the necessity of the HOLC reporting individual risks to the insurers.

One source of reducing insurance expense to HOLC might be the reduction of personnel in HOLC's insurance department. Good authority has it that this step is under consideration.

Under the new agreements sought by HOLC a simplification of insurance procedure will be incorporated. Such a step will, undoubtedly, result in a reduction in insurance personnel. At present there are 14 insurance section employees in the national HOLC office and 228 in the field. This reduction, if it is made will follow past procedure of HOLC which has been to eliminate dispensable personnel. In 1936, the corporation's peak year, the entire staff amounted to 21,000; at present there are 11,000 employees; during the forthcoming fiscal year (July 1, 1940-July 1, 1941) this number will probably be reduced by 1,000 or more.

SMRHA TAKES HOLC STAND

LINCOLN, NEB.—Insurance Director Smrha, answering an inquiry from the American Mutual Alliance, says that fire insurance companies may well give consideration to writing coverage on HOLC property at less than is charged on other properties and can do so without violating the state law prohibiting discrimination as between risks of like character or of essentially the same hazards, territorial classification and having substantially the same protection against fire.

Mr. Smrha says that in his opinion properties in which the HOLC has an

Ill. Truck Act Elucidated at Two Meetings in Elgin

The Elgin, Ill., Board of Fire & Casualty Underwriters held a dinner session attended by about 75 Tuesday

and then a general meeting at the Y. M. C. A., attended by about 300 to enable insurance people and truckers to become better acquainted with the provisions of the new Illinois truck regulation law. The principal speaker at both sessions was Lewis M. Long, a former congressman, who is chief examiner of the Illinois regulatory act, which becomes effective March 1. At the dinner he conducted a question and answer period and at the general meeting he gave a sustained talk and also answered questions. The latter meeting was attended by many truckers.

D. V. Moody, president of the Elgin board, who is also treasurer of the Illinois Association of Insurance Agents, presided at both sessions. The dinner committee consisted of Miss Hazel Jones, chairman; Miss Frida Anderson and George F. Sills. The committee for the general meeting consisted of Edward Fisk, Ralph Frey, Leo Leonberger, Carlos Valentine, William Lindorfer.

Mr. Moody also introduced John C. Friedland of Elgin, state representative, who was a member of the committee that drafted the truck act, and John M. Wieland of Aurora, supervisor of district No. 2 in the truck regulation setup.

interest may be classed as less hazardous than other properties for the reason that at the time of making the loan the property was inspected by appraisers and funds were provided for reconditioning where there was a need, which it is reasonable to believe took into account such defects as might create fire hazards. During the term of the mortgage periodic inspections are made, and it is within the power of the mortgagee to have the properties maintained in such condition as to prevent deterioration of value. In addition the corporation has available police powers to protect them against vandalism.

Moral Hazard Reduced

The moral hazard is also reduced since the hazard of over-insurance is entirely eliminated. Costs of acquisition are reduced because of centralized purchasing as is the cost of loss adjustments because of the elimination of selfish interest. No loss is suffered from unpaid premiums.

"It cannot be said," he added, "that the classification is based merely on ownership, but rather upon a class of properties which constitute a hazard that materially reduces the risk. The experience of the corporation so far developed may not prove to be a proper basis upon which rates may be established. It does, however, clearly indicate that the properties do constitute a class of properties which may receive special consideration.

"Certain it is the situation does not call for the creation of an insurance organization within the HOLC corporation. A governmental activity cannot be operated more economically than a private enterprise. There is no more justification for the government or an instrumentality of the government to be invading the fields of private enterprise than there is for private enterprise to invade the field of governmental activity. Governmental activities, because they are governmental activities, are subject to the scrutiny and criticism of the general public and need to maintain systems so complete in every minute detail as to make them cumbersome and unwieldy which leads to waste and inefficiency."

HOLC Makes Available Information on Contract

(CONTINUED FROM PAGE 3)

At present a 5 percent collection allowance is made to the HOLC on properties where the HOLC holds the mortgage only. It is felt that the amount of this allowance may have to be increased.

The present Stock Company Association arrangement provides for payment of full commission on insurance on property owned by the HOLC to the HOLC broker manager and for payment of one-half commission on insurance on properties where the HOLC holds the mortgage, to the local stock agent. The latter item is paid on each individual account. The average annual commission paid to local agents under the present contract is \$7 per agent, paid to about 39,000 local agents.

Transactions Numbered 602,673

The Stock Company Association from 1935 to May 1, 1939, issued 306,614 new certificates, 248,683 endorsements and effected 47,376 cancellations, a total of 602,673 individual transactions.

The HOLC has retained E. Adrian Teaf of Philadelphia and James O. Cobb of North Carolina to conduct the preliminary discussions with all proposing insurance companies and others interested in the program.

The HOLC estimates that the premium volume on properties owned by the HOLC and on properties where the HOLC holds the mortgage and orders the insurance for 1940 to be \$5,075,200 and for 1941, \$7,679,000.

Ninety-two percent of all the business is located in protected areas; 77 percent of all the business is on frame dwellings, 19 percent on brick dwellings, 2 percent on frame stores and dwellings and 2 percent on brick stores and dwellings.

Owns 81,237 Properties

As of Oct. 31, 1939, Home Owners Loan Corporation owned 81,237 properties. It owned 20,012 in New York, 8,940 in New Jersey, 5,825 in Massachusetts, 5,392 in Ohio, 4,871 in Pennsylvania, 2,950 in Missouri, 2,820 in Wisconsin, 2,289 in Illinois, 2,191 in Indiana, 2,181 in Kansas. In the other states there were less than 2,000.

The average current market value per owned property as of Sept. 30, 1939, was \$4,342. The number of active accounts as of Oct. 31, 1939, was 845,583. The average loan balance outstanding on all debtor accounts as of Sept. 30, 1939, was \$2,396.

Illinois May Approve New \$15 Deductible Form Soon

H. L. Wayne, executive secretary I.M.U.A. and manager of the Illinois Personal Property Floater Bureau, was in Chicago Monday and Tuesday on matters relative to approval of the \$15 deductible personal property floater form, which as yet has not been allowed in Illinois. Mr. Wayne conferred with department officials and members of the governing committee of the bureau. From all indications the \$15 deductible form will probably be approved when technical details concerning its application are worked out. Differences in the Illinois personal property floater and other forms have been responsible for delay in the adoption. It is understood that the Illinois department has already approved the deductible in principle.

Andrew B. Dygert, Northwestern Mutual Life, Minneapolis, has been re-elected president of the Minneapolis Area council Boy Scouts. Frank S. Preston, executive secretary Minnesota Association of Insurance Agents, was elected vice-president.

The Stevens-Schwall Co., Marietta, O., has been dissolved as a corporation and will be known as the A. J. Stevens agency.

CASUALTY SHORTS

N. Y. Club Inducts Officers,
Appoints New Committees

NEW YORK—Vice-president J. F. O'Loughlin of the Royal Indemnity, installed the new officers of the New York City Accident & Health Club: W. T. Hammer, Commercial Casualty, president; W. C. Jeffrey, Royal Indemnity, W. I. Baxter, Continental Casualty, and I. C. Kick, London & Lancashire Indemnity, vice-presidents; LeRoy Clark, Hooper-Holms Bureau, secretary; M. I. Gurian, U. S. Casualty, treasurer; and J. J. Farrell, Metropolitan Life, assistant secretary.

President Hammer outlined the club's plans for meetings, at which there will be speakers or discussion forums. He appointed the following committees:

Educational and Accident & Health Week; W. J. Falvey, vice-president Massachusetts Bonding, honorary chairman; W. C. Jeffrey, Royal Indemnity, chairman; E. Y. Duncanson, Connecticut General, vice-president; W. F. Farrell, Ocean Accident, secretary; E. E. Bradley, Globe Indemnity, treasurer; H. K. Dennis, Continental Casualty; J. R. Mainzer, London & Lancashire Indemnity; C. F. McLaughlin, U. S. Casualty; and J. L. Scheuing, New Amsterdam Casualty.

Membership: I. C. Kick, London & Lancashire Indemnity, chairman.

Arrangements: W. I. Baxter, chairman; C. F. Demsey, Travelers, vice-chairman.

Publicity: C. F. Demsey, director, and E. A. Smith, Travelers, assistant director.

Guest speaker was Col. Adenio A. Gibson of the U. S. Army's chemical warfare service. H. M. George, U. S. F. & G., the retiring president, reported on the club's 1939 activities.

Set Chicago Meeting on
New Illinois Truck Act

Three Illinois public officials who are connected with the administration of the new truck regulatory act of that state will address a meeting in the auditorium of the Chicago Board Monday at 2 p. m. The meeting, which is sponsored by the Casualty Managers Association of Chicago, will be open to insurance people.

The speakers will be Lewis Long, chief examiner of the division of motor vehicles; Reuben Cohn of the department of public works, and O. F. Field, chief of the bureau of insurance.

H. N. Douglass, New Amsterdam Casualty, will preside as president of the association. A. F. McCarthy, Massachusetts Bonding, is chairman of the committee.

Quail Assistant Manager

The Standard Accident announces the appointment of R. F. Quail as assistant manager of the bonding department of

its Detroit office. A. A. Clark is manager. Mr. Quail succeeds D. R. Anderson, who is now associated with C. N. McNaughton, general agent for the Standard in Detroit. Mr. Quail started in August, 1931 in the bonding department of the Detroit branch as a counter man. He was appointed special agent in 1936. He is a Harvard graduate and went with the bonding department of the Standard Accident shortly after his graduation.

Federal Life's New Policy

The Federal Life of Chicago has gotten out a special policy providing death indemnity for passengers using an airplane where death ensues and the plane is wrecked. The premium is \$5.50 for \$5,000 death indemnity.

McQueen Canadian
Hail President

TORONTO—At the annual meeting of the Canadian Hail Underwriters Association which concluded here today J. H. McQueen, Great American, was elected chairman. Vice-chairman is C. W. Bolton, Home.

The incoming executive committee is composed of F. L. Thornton, Continental; G. A. Ewart, Rain & Hail Bureau; William Bruce, Connecticut, and W. J. Scrimes, Hartford.

J. E. Haskins, Canada Security, is retiring chairman and secretary is H. H. Campkin, Canadian Hail Underwriters Association, Regina.

Those from Chicago attending included James B. Cullison, Jr., and S. K. Bjornson, Rain & Hail Bureau, S. M. Buck, vice-president Great American; T. W. Dahl, manager hail department Great American; F. H. Cornell, secretary of Home, Chicago, and Jacob Nelson, Home.

Chicago Brokers Oppose
Commission Cut, TNEC

Resolutions opposing reduction of commissions in Chicago under the casualty-surety acquisition cost control plan there, and also against the methods of Temporary National Economic Committee in probing insurance, were adopted by the Insurance Brokers Association of Illinois in the quarterly meeting Tuesday.

The resolution on acquisition cost, presented by G. H. Anderson, declared neither the Illinois insurance director nor the acquisition cost conferences had the power to reduce commissions to producers. It placed the brokers on record as ready to fight such a move. Copies of the resolution were forwarded to officials in the east, where Chicago acquisition cost control is under discussion following deferring recently of the effort to enforce the rules.

The other resolution declared TNEC "wrongfully uses its powers to destroy

public confidence in not alone the life insurance business, but all business enterprise privately conducted and distributed through commission-paid producers." It was held state supervision has been a boon to the public; insurance is not of interstate nature, and the federal government should not interfere with it and intrude on states' rights. It was related that there are fears of the government's effort to centralize control of the insurance industry. The printed reports of TNEC proceedings, it was set forth, stressed isolated, petty grievances and minor inefficiencies of life insurance management and ignored the institution's vast contributions. A. W. Ormiston drafted the resolution.

Amendment of bylaws also was considered but not acted upon. C. E. Nolan, president, presided.

Vice-president L. E. Falls of the American of Newark is in Florida on

a vacation and will remain there until he goes to San Francisco where he will make an address before the Fire Underwriters Association of the Pacific.

Pennsylvania Club School

The second lecture in the course conducted by the Pennsylvania Field Club for Harrisburg agents was held Jan. 22. There were nearly 60 in attendance and an enthusiastic reception was accorded the lecturer, W. M. Houston, secretary Northern Assurance, who spoke on various phases of the general cover and reporting forms. The course is becoming more popular among those interested in capital stock fire insurance in and near Harrisburg, and it is anticipated that future sessions will be well attended.

The next lecture will be held Feb. 5, the subject will be use and occupancy insurance. L. M. Michel of the Fire Association will be the speaker.



It is now the time when, like Janus, we must look backward and forward at the same time. Backward for analysis of accomplishment. Forward to ways and means for improving production.

The "Springfield Group" wishes to thank its many agents for the splendid record made in 1939. As for 1940, we plan, as always, to give our agents sales assistance which is so vital in increasing business volume.



THE SPRINGFIELD GROUP

GEO. G. BULKLEY, President

SPRINGFIELD FIRE & MARINE INSURANCE COMPANY	SPRINGFIELD, MASS.
CONSTITUTION DEPARTMENT	SPRINGFIELD, MASS.
SENTINEL FIRE INSURANCE COMPANY	SPRINGFIELD, MASS.
MICHIGAN FIRE & MARINE INSURANCE COMPANY	DETROIT, MICH.
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Remember "RAIN" INCLUDES SNOW, SLEET
AND HAIL... WINTER IS NOT A CLOSED SEASON
FOR RAIN INSURANCE... SNOW, SLEET OR
HAIL REDUCES ATTENDANCE AT SPORTING EVENTS AND SPECIAL SALES.

EDITORIAL COMMENT

Required Reading in California

No insurance crusader, no matter how impassioned, would be so unrestrained as to predict that a state compensation fund would become such a politically ridden mess as the Thurston county grand jury at OLYMPIA, WASH., charges that the monopolistic workmen's compensation fund of that state has become. Rarely are abstract charges so indelibly confirmed as here. Evidence of the weakness of state funds in political hands in the past has heretofore appeared in trickles, such as in the New York scandals, where auditors of the fund conspired with assured to debase payrolls and such as in Ohio where there is suspicion that sinister troubles are being concealed, but perhaps never before has there been such a lurid expose as that in the report of the Thurston county grand jury.

The timing of the report is most dramatic. Just now the GOVERNOR OLSON administration in CALIFORNIA is seeking to smear the insurance companies in their handling of the workmen's compensation business. They are seeking to discredit the traditional and accepted formulas that have been employed. They are engaging in exasperating demagogism, making sweeping allegations, the answers to which must necessarily be technical and involved and perhaps beyond the understanding of the populace.

Just at this time, then, when the insurance companies are in the coffin corner, so to say, in California, the expose in the neighboring state of Washington should be seized upon for all it is worth to get out of the danger zone.

The political processes and the makeup of politicians are the same from coast to coast. The politicians of California have no special claim to virtue and the people of California have every right to ask themselves whether what has happened in Washington is not possible of duplication in California should a monopolistic system be established in that state.

The Washington expose is ample proof that the insurance companies have not been engaged in baseless name calling in pointing to the dangers that are inherent in the political handling of compensation benefits.

The grand jury of THURSTON county estimates that there is a deficit of \$12,000,000 when the liabilities of the fund are properly calculated.

The grand jury apparently feels that the politicians have deliberately sought to conceal the accumulating deficit because it points out that in recent years the reports of the fund have been made in such a way as to render it impossible for the reader

to determine the adequacy of reserve. That, it seems to us, goes to the heart of the argument against monopolistic state funds.

The nature of the workmen's compensation business is such that the politician is offered the very strong temptation of understating reserves and possibly overstating assets if trouble is encountered rather than taking the businesslike but perhaps politically inexpedient step of admitting a deficit and increasing rates or applying some other method to overcome it. So long as current income is sufficient to take care of current outgo, the existing administration is very likely to feel that it does not face a crisis and that the reserve can safely be trimmed and the assets decorated. Some future administration may have to face the music when the liabilities mature at a rate that exceeds the estimate and income, being deficient, the assets must be sold and at a figure below that at which they are carried, but by then the now ins will be benign ex's.

Responsible insurance managements in the casualty field are ever conscious of reserve obligations. They are not concerned merely with getting by over a two or four-year period but they are anxious that their estimates of future losses shall be generous, to insure permanency. Moreover these companies are subjected to the closest scrutiny, especially in the past few years since the annual statement blanks have contained entries that enable one to see at a glance how the estimates of liabilities compare with actual results over a long period of years. It is true, of course, that in the past there have been optimistic operators in the private insurance field that have treated reserve liabilities in cavalier fashion but they have now largely been eliminated.

Although these state funds are audited by outside accountants, there are public accountants that specialize in public business that are amenable to political suggestions. After all the calculation of reserve liabilities involves guessing and guesses can be shaded in the desired direction. By the politician the reserve is likely to be regarded as an opportunity or at the best, a nuisance, whereas to a responsible insurance executive, a reserve is an obligation.

The susceptibility of reserves to political manipulation is, we have said, the heart of the argument against a monopolistic state fund, but there are numerous objections of less critical nature. For instance, it is conceivable that the state fund could be made to provide a feeding ground for political doctors and political lawyers, with a great deal of padding for needed services

and the rendering of unneeded services. There is always the danger of the fund being conducted in a general political slipshod manner with the employees performing with an air of indifference and inefficiently. There is the possibility of corrupt practices developing as in New York where a great many auditors of the state fund were found guilty of conspiring with assured to debase the payroll audit.

The THURSTON county grand jury has given an argument against a monopolistic fund that to our knowledge has never before been advanced. The grand jury states that it would be inclined to recommend permitting private insurers to compete for the business were it not for the consideration that such insurers would probably wean away from the state fund so much business that the affairs of the fund would immediately become more critical. In other words, the current income would be reduced. It would be necessary to sell assets, perhaps below the value at which they are entered and liabilities would mature at an accelerated pace, thus bringing the fund face to face with a problem that might otherwise be

deferred for a good many years. The lesson is that if a monopolistic state fund is set up, there is the threat that should the fund fall on evil days, there is no alternative. The fund is not likely to receive the critical attention from insurance companies that it would if it were on a competitive basis. It is more likely, therefore, to be subjected to abuse. The element in the population that is in a position to give the most informed criticism, the insurance people, will lose interest, feeling that the day is lost anyway. It is significant that the two state funds in the country that appear to be in the most precarious position, are monopolistic operations, those of Washington and Ohio. To our knowledge there is no competitive state fund that is far under water.

The expose in Washington recalls the advice that was given last fall by W. W. GREENE, vice-president of GENERAL REINSURANCE, in addressing the CASUALTY ACTUARIAL SOCIETY, that the casualty companies should keep these state funds under constant surveillance, analyze the operations closely, publicize weaknesses and keep the state fund advocates on the defensive.

PERSONAL SIDE OF THE BUSINESS

Chimes of the organ at Trinity cathedral, Little Rock, Ark., were dedicated to the memory of the late **Robert W. Newell**, well known agency executive and senior warden of the cathedral for several terms.

Elmer H. Dearth, one of the first employees of the Minnesota insurance department 50 years ago, who later served as commissioner two different times, recalled some of his experiences in a call on Commissioner Frank Yetka the other day. Mr. Dearth was Minnesota commissioner in 1897-1899 and again from 1901 to 1905. Later he was in the insurance business in Michigan, returning to Minnesota 10 years ago.

E. W. Beardsley, manager at Sioux Falls, S. D., of the Western Adjustment, is recovering from an operation and he will soon be able to return to work.

Dr. Alfred Manes, on leave of absence from Indiana University during January, is delivering lectures on insurance in Puerto Rico. In February he will deliver lectures in Havana, Cuba.

S. E. Moisant of Kankakee, Ill., well known local agent and editor of "Association News," is at the Mayo Clinic, Rochester, Minn., owing to a throat condition which has troubled him for some time.

The "silver beaver" medal of the Boy Scouts has been awarded to **P. H. Plant**, office manager southern department Fire Association, Atlanta, for meritorious service the past 12 years.

Fred D. Watkins, who has been associated with the L. B. Leigh & Co., Little Rock, general agent for 40 years and general adjuster for a number of years, was honored by the Field Men's Club at a testimonial luncheon. In addition to the personal tributes to Mr.

Watkins, a sheaf of telegrams and letters from company officials were read. Mr. Watkins was presented a watch. His son, Fred, Jr., is special agent of the Aetna Fire in Arkansas.

Jess G. Read, Oklahoma insurance commissioner and secretary of the National Association of Insurance Commissioners, says he has about lost faith in some of his insurance friends who occasionally bet neckties and small change on football and other guessing games.

At the Mississippi meeting of the commissioners last December, Mr. Read was strong for Tennessee in its football game with Southern California. Among other commitments he made was a \$5 bet on Tennessee. Failing to make note of this promise, following New Year's Day, he wrote to a dozen of his friends trying to locate the lucky fellow. He states that he is now in receipt of answers to 11 of his letters of inquiry and each of the 11 claims to be the one who bet on Southern California.

Frank T. Priest, well known Wichita agent and head of the Dulaney, Johnston & Priest agency, is spending two weeks in the Hines Hospital near Chicago for a thorough checkup of his physical condition.

W. L. Unverzagt, for many years a dean among Pittsburgh agents, celebrated the 50th anniversary of his appointment as an agent of the Allemania Fire. In 1871 Mr. Unverzagt entered insurance as a clerk with the Pennsylvania of Pittsburgh. Five years later, as an agent of the Metropolitan Plate Glass he issued the first plate glass insurance policy in Pittsburgh. He has represented the Metropolitan Casualty for 63 years.

Although he will observe his 82nd birthday Feb. 18, Mr. Unverzagt still is very active and is in his office in the



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Peoples Bank building every day regardless of the weather.

George W. Unverzagt, his son, is the president of the Allemania Fire and his other son, William C. Unverzagt, is the secretary of the Atlas Corporation, general agency in Pittsburgh.

George W. Swan, secretary of the Special Agents Association of the Pacific Northwest in Seattle and former veteran special agent for Commercial Union, is in the hospital with a broken collar bone, suffered in a fall. After about 42 years with Commercial Union Mr. Swan retired 11 years ago.

Commissioner Fischer of Iowa is leaving this week end for a sojourn to Arizona. He expects to return to his duties the latter part of February.

W. C. J. Hermann, veteran Minneapolis agent, celebrated his 80th birthday anniversary and his 53rd year in the business.

Believed to be one of the oldest active agents in Ohio, Ellis Katz, Marion, celebrated his 92nd birthday. He has been in business for 40 years.

DEATHS

Sanford Duncan, 83, who entered the insurance business in Nashville 50 years ago, died there.

Robert W. Blake, who until his retirement in 1932 for many years was editor and secretary of the "Spectator," died at his home in Cranford, N. J., at the age of 73. At one time he was connected with the "Wall Street Journal." He had much to do with the preparation of statistics for the "Spectator."

Mrs. Katherine Green Ennis, mother of Frank S. Ennis, advertising and publicity manager America Fore group, died at Frances Schervier hospital, New York City.

Dolph Smith, 35, general manager United Insurance Agency, West Mem-

phis, Ark., founded by his father, was found dead in bed. He had had a minor operation in recent weeks but was thought to be in excellent health. He was vice-president of the agency until the death of his father about a year ago.

A. J. MacDuff, 65, Boston company adjuster, died at his home in Milton, Mass.

T. J. Condon, 73, Boston adjuster for insurance companies for 32 years, recently connected with the Douglas Lawson Agency, died at his home in Wollaston, Mass.

Vernon B. Arnold, 70, head of the Arnold & Son agency, with offices at Lima and Wapakoneta, O., is dead. A son, Walter C., was associated with him in the agency. Services were held Jan. 21.

Felix S. Hereford, 62, special agent for the Hartford Fire in Texas, died at his Dallas home after a three-day heart ailment. He had been with the Hartford 35 years and was a native of Dallas. He was a member of the 1898 class of Virginia Military Institute.

Mr. Hereford was the last of the Hereford family that in its day was prominent in Texas insurance affairs. There were three brothers whose father, Major Hereford, was state agent of the Royal in Texas, reporting to the Louisville headquarters. John S., a brother, was general agent of the Hartford Fire in Dallas. Another brother, James B., was state agent of the Royal. He was taken to New York as southern general agent of the North British but later returned to Texas as state agent of the Niagara.

Asa T. Smith, Woodhull, N. Y., agent, died of a heart attack. He was over 60 and operated an agency founded by his father who died several years ago. Mrs. Elizabeth Mason of the agency will continue to operate it.

W. E. Gildersleeve, assistant manager of the Fireman's Fund group in its eastern department at Boston, died

at his home in Wellesley Hills, Mass., after an illness of several months. He joined the Fireman's Fund in 1931 as manager of the New York City metropolitan department. In September, 1938, he was made assistant manager at Boston. Before joining the Fireman's Fund he was assistant manager of the New York City metropolitan office of the Liverpool & London & Globe.

B. E. Gendar of the insurance agency of Fuller, Kern & Gendar of Brooklyn, N. Y., died at his home there at the age of 59. He had been in the business for 42 years.

John Quincy Adams, 90, senior vice-president Agricultural, died in Watertown following an illness with bronchial pneumonia. Mr. Adams had retired from active service with the Agricultural 11 years ago after more than 60 years with that company. Since then he has retained the title of senior vice-president.

Orville G. Hegner, 37, for seven years a local agent in Appleton, Wis., died from an embolism resulting from injuries sustained in an automobile accident. Mr. Hegner was a member of the Republican state central committee and chairman of the eighth Congressional district. He was prominently mentioned for Wisconsin insurance commissioner last summer.

Henry C. Pears, 64, head of James W. Lee & Co., Cleveland, died there. He had been in the insurance business for 45 years, the last 25 as head of the Lee agency, founded in 1837.

Funeral rites for Henry Reinhardt, 78, Peoria agent for 50 years, were held Tuesday. Mr. Reinhardt's daughter, Miss Katherine L. Reinhardt, will continue the agency. She has been in charge while her father was ill the past year.

Rufus H. King, 64, Mansfield, O., local agent, died from a heart attack after several months' illness.

W. S. McDowell, 77, who organized the McDowell agency at Oconomowoc, Wis., in 1904, died there after a long illness. He disposed of the agency several years ago.

W. A. Sundberg, 33, Northwood, Ia., local agent, died at a Mason City hospital following a major operation.

U. S. Insurers Can't Invest in Canadian War Bonds

NEW YORK—Several insurance companies in this country that operate in Canada have received offerings of Canadian war loan bonds from brokerage houses in Canada and some of the agents of Canada have suggested to their companies that they make such purchases. The security offered and the rate of interest being acceptable, some of the companies were favorably disposed towards such purchases until they discovered that such an investment would violate the terms of the United States neutrality legislation. Hence it is impossible to make these investments. It is understood that some of the United States companies that operate Canadian subsidiaries have purchased Canadian war loan bonds for account of those subsidiaries.

The neutrality legislation doesn't interfere with the right of a United States company to invest in regular Canadian bonds.

Safford and Butler on Circuit

R. D. Safford, vice-president, and Thomas J. Butler, superintendent of agents of Travelers Fire, are on a two weeks' visit to various points in the middle west. Mr. Butler was recently given jurisdiction over additional territory in the middle west, including Chicago and this was his first visit to Chicago since acquiring jurisdiction over that city.

Barnett Report Again Deferred

KANSAS CITY—Paul V. Barnett, special master for the federal court in the Missouri department hearings on the rate case settlement, will file his report Jan. 25. He last scheduled the filing for Jan. 20.

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CONTINENTAL COMPANIES

General Offices: Chicago, Illinois

Continental Casualty Company

Financial Statement—December 31, 1939

ASSETS

Cash	\$ 3,841,086.35
*United States Government Obligations:	
Direct Obligations.....	\$10,197,929.25
Reconstruction Finance	
Corporation Notes.....	1,004,955.00
Total	11,202,884.25
*Other Public Bonds.....	2,487,856.75
*Railroad Bonds.....	\$ 960,522.45
*Public Utility Bonds.....	3,482,259.98
*Miscellaneous Bonds.....	2,866,246.12
Total	7,309,028.55
*Preferred and Guaranteed Stocks.....	1,107,160.00
*Other Stocks.....	5,528,944.00
Mortgage Loans.....	370,243.35
Real Estate.....	960,123.00
Premiums in Course of Collection	
(Not over 90 days past due).....	3,925,468.61
Accrued Interest and Rents.....	188,705.65
Other Assets.....	369,700.16
Admitted Assets.....	\$37,291,200.67

LIABILITIES

Unearned Premium Reserve.....	\$ 9,784,360.00
Reserve for Claims.....	14,471,849.47
Miscellaneous Liabilities.....	2,412,940.79
General Contingency Reserve.....	1,800,000.00
Capital	\$ 2,000,000.00
Surplus	6,822,050.41
Capital and Surplus.....	8,822,050.41
Total	\$37,291,200.67
Net Premiums written during 1939.....	\$22,998,520.46
Increase over 1938.....	1,959,347.96

*Eligible bonds amortized. Insurance stocks valued on basis of pro-rata share of Capital and Surplus. All other securities at Market Quotations.

Continental Assurance Company

Financial Statement—December 31, 1939

ASSETS

Cash	\$ 1,342,898.77
*United States Government Obligations....	5,237,007.00
*Other Public Bonds.....	763,423.57
*Railroad Bonds.....	\$2,414,042.77
*Public Utility Bonds.....	7,051,867.60
*Miscellaneous Bonds.....	2,224,018.28
Total	11,689,928.65
*Preferred and Guaranteed Stocks.....	1,074,350.00
*Other Stocks	None
Mortgage Loans.....	6,173,796.41
Policy Loans.....	4,373,899.31
Real Estate.....	1,463,131.75
Net Deferred and Uncollected Premiums..	1,232,094.62
Accrued Interest and Rents.....	268,842.71
Other Admitted Assets.....	30,769.31
Admitted Assets.....	\$33,650,142.10

LIABILITIES

Statutory Policy Reserves.....	\$27,864,307.54
Death Claims Due and Unpaid.....	None
Pending Claim Reserve.....	1,196,005.70
Premiums Paid in Advance.....	287,470.92
Miscellaneous Liabilities.....	379,914.65
General Contingency Reserve.....	280,000.00
Capital	\$1,000,000.00
Surplus	2,642,443.29
Capital and Surplus.....	3,642,443.29
Total	\$33,650,142.10
Insurance in Force as of December 31,	
 1939 (paid-for basis).....	\$252,671,711.00
Increase over 1938.....	20,699,213.00

*Eligible bonds amortized. All other bonds and all stocks at Market Quotations.

DIRECTORS

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President, Chain Belt Company

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*Continental Casualty Company only

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The Continental Year Book discloses in greater detail the Companies' operations and financial structure. It will be furnished upon request.

Casualty Insurance

Fidelity and Surety Bonds

Life Insurance

The NATIONAL UNDERWRITER

January 25, 1940

CASUALTY AND SURETY SECTION

Page Twenty-one

Major Purpose of All-Risk Liability Cover Is Economy

Seeks to Save Insured Money by Preventing Accidents

NEW YORK—The major purpose of all-risk liability insurance is to enable the insured to control his insurance costs by elimination of accidents, not to secure simplicity or to cover unknown hazards, E. W. Sawyer, attorney National Bureau of Casualty & Surety Underwriters, told members of the Risk Research Institute. If real all-risk insurance instead of "the way station at which we are now stopped," is the aim, such relatively uncommon coverages as products liability and property damage must be popularized so that insured will not be tempted to take chances with excluded types of liability, he said.

"You probably believe that I attach too much importance to popularizing products liability and property damage liability in order to integrate them in the broad liability policy, and that in view of the difficulties it would be better to leave them on an optional basis," he said. "I can agree with that only if I am willing to accept the way station at which we are now stopped, instead of the all-risk liability policy, as our destination. I, personally, am unwilling to do that, because it makes impossible the attainment of a major advantage of the all-risk policy."

More Important Benefit

"In the movement which has carried us thus far the advantages of one policy over several policies and the automatic application of the contract to all hazards of loss not excluded, have been the predominant considerations. While these advantages unquestionably exist there is a much more important advantage to the broader policy."

Designating this more important advantage as the enabling of the assured to control his insurance cost by eliminating accidents, Mr. Sawyer said that "so long as the insured has a liability uninsured he will never know his insurance cost until he has determined whether he has won or lost his bets."

"Insurance itself does not and cannot reduce losses," he continued. "Over a period of years the premiums for insurance must produce sufficient funds to pay all insured losses. It follows that the only way in which the cost of insurance can be reduced is by a decrease either in the number or in the severity of accidents. The functions of insurance are therefore, twofold: To prevent losses and to spread the losses which are not prevented. The comprehensive policy accomplishes the latter function except for the excluded liabilities but it does not accomplish the former."

"The insurance business should never

(CONTINUED ON PAGE 22)

California Compensation Rate Attack Answered

Leslie Clarifies Situation with His Lucid Explanation of Costs

SAN FRANCISCO — Charges of the state insurance fund concerning compensation acquisition costs were answered by William Leslie, general manager National Bureau of Casualty & Surety Underwriters, in a hearing before Commissioner Caminetti. Following Mr. Leslie's testimony a continuance of the hearing to Jan. 29 was granted at the request of John C. Stirrat, fund manager. Mr. Stirrat stated the fund representatives were not prepared to cross examine Mr. Leslie as they desired additional time to study the various exhibits which were introduced.

Daniel W. Burbank, attorney, representing the California Association of Insurance Agents, the National Bureau and companies, conducted the examination of Mr. Leslie which lasted four hours and brought out the functions and organization of the National Bureau and details of its rate-making methods and the extreme care involved in its calculations.

In 42 states where the expense loading of 40.6 percent had been questioned and investigated in 1939 the figure has been sustained, Mr. Leslie stated.

Production Cost Better Term

"Acquisition cost," should be called "production cost," Mr. Leslie said, because it comprises the items of acquisition and field supervision with 10 percent going to the agent or broker and 7½ percent for field supervision and overhead expense in the production office. He pointed out that in other casualty lines the analogous or comparable cost is much higher. He told of the formation of the Acquisition Cost Conference which binds companies not to exceed this figure of 17½ percent on compensation. He paid a high tribute to the work of the agent in writing this class of business for the 10 percent commission involved. He told of the amount of service which is required of agents and brokers on compensation, how they are called upon for advice, help and assistance. Employers who receive this assistance show no antagonism toward the fact that the agent receives the 10 percent commission. He told of the safety work done by agents and brokers, pointing to the "infinite variety of ways" that the agent or broker can help or assist the employer in reducing rates by improving experience.

No Duplication of Expense

California compensation premiums of Bureau companies are approximately \$3,000,000 covering 17,900 risks with an average premium of \$179. Contrary to the intimation of the state fund that possibly lines of insurance not subject to rate regulation and control were escaping their fair share of acquisition and home office cost, Mr. Leslie stated that compensation is not carrying the load for any other kind of insurance and that there is no duplication of expense items as intimated by the state fund.

"Adequate" Defined as "Minimum" by Attorney-General in Ruling

SAN FRANCISCO—"Adequate" was defined as "minimum" rather than "reasonable" as applied to compensation rates under the California law by the attorney-general through his deputy, Neil Cunningham, in reply to Commissioner Caminetti's request for an opinion to guide him in his hearings on compensation acquisition cost as a result of the attack on stock company rates by the state insurance fund.

Commissioner Caminetti had requested an opinion on:

"1. Does the phrase 'adequate for all admitted workmen's compensation insurers' as found in Section 11732 of the code necessarily mean adequate to cover the losses and expenses of such insurers doing business on the stock company plan, or whether it is sufficient if you prescribe rates which are adequate for the operation of companies doing business on a participating plan? and

"2. If said phrase means adequate to do business on a non-participating stock company plan, should the hearing as to proper 'loading' percentage in the rate be limited to matters proper to a determination as to the reasonable expense of doing business on the stock company plan without consideration of savings and dividends?"

Attorney-General's Comment

In his opinion, Mr. Cunningham points out that "the object of state rate supervision, commonly called the minimum rating law, is primarily to safeguard or assure the solvency of workmen's compensation insurers and thereby to assure the payment of workmen's compensation benefits to injured workmen and the dependents of deceased workmen"; that under the law upon the employer securing proper workmen's compensation he is relieved from liability for compensation to an injured workman or claimant and that the supreme court of California has held that an employer is entitled to be dismissed and freed of liability even though the insurance carrier has become insolvent. "The solvency of workmen's compensation insurers admitted to and transacting business in this state is, therefore, absolutely vital to effectuate the primary object and purpose of the workmen's compensation insurance and safety act and certainly vital if the laborers are to be assured the benefits provided by that act." As one of the "important factors" that affect the solvency of insurers he points to "adequacy of premium." "Thus," he says, "it becomes apparent that solvency is closely related to adequacy or inadequacy of premium rates." He then gives Webster's definition of the word "adequate" as distinguished from "reasonable," and refers to Hobbs on "Workmen's Compensation Insurance," quoting: "By 'adequate' is meant generally that rates as a whole shall be sufficient to cover expected losses and expenses. By 'reasonable' is meant that rates as a whole

(CONTINUED ON PAGE 20)

New Coverage Need of Trustees Is Shown by Trust Officer

W. A. Stark Speaks Before Cincinnati Casualty & Surety Association

CINCINNATI—Need of new type of liability coverage by trustees was pointed out by W. A. Stark, vice-president and trust officer Fifth-Third Union Trust Co., Cincinnati, in an address before the Cincinnati Casualty & Surety Association. He traced the development of liability insurance for trustees, stating that until the trust companies entered the field of estate management, very little litigation was found that concerned negligence. "Claimants didn't know the value of long convalescence," he stated. In suits in which negligence is alleged, if proved, the judgment must be paid out of the trustee's own funds. If no negligence is established, the costs become a charge against the trust estate. As a result of the increasing number of claims, trust companies bought blanket liability policies which covered property which the trust company may not even know it owns.

Large Field Pointed Out

In the handling of investments, trust companies cannot purchase insurance to cover claims in which negligence is alleged, Mr. Stark said. He stated that there is a large field for that type of coverage. Just prior to 1929, the Chicago Title & Trust Co. developed a reserve plan under which a certain amount was set aside to insure that \$1,000 placed with the company then would be worth \$1,000 20 years later. Such a plan did not prove practicable, Mr. Stark said. He stated that he was not advocating a policy to insure values, but protection against negligence if it could be proved in the course of ordinary business judgment. A trust company's acts must be those of a reasonably prudent business man under similar conditions. Life insurance and baby bonds were types of investments which guaranteed values, he stated.

Valuation of Trustee's Judgment

In the handling of investment funds, a trustee's judgment should be evaluated on the situation at the time of his appointment, rather than 20 or 30 years later when conditions might be entirely different, he declared. When a court approves the sale of securities, it is no endorsement by the court of the trustee's judgment in disposing of them, Mr. Stark said, and it is still possible that negligence will be alleged when the trust is dissolved. He said that he thought it was only a question of time when trust companies will be required to set up as a minimum a reserve of 10 percent of the profits. Therefore, Mr. Stark believes that a new type of lia-

(CONTINUED ON PAGE 30)

NATIONAL ACCIDENT & HEALTH ASSOCIATION SPEAKERS



W. B. CORNETT

W. B. Cornett, Loyal Protective Life, Columbus, O., president of the National Accident & Health Association, is in general charge of the mid-year meeting



E. H. O'CONNOR

of the National Accident & Health Association, which is being held in St. Louis Thursday and Friday of this week. An especially strong program has been ar-



ARMAND SOMMER

anged. Included among the speakers are three former presidents of the National association: E. H. O'Connor,



E. H. MUELLER

Bankers Indemnity, Newark; Armand Sommer, Continental Casualty, Chicago, and E. H. (Count) Mueller, Pacific Mutual Life, Milwaukee.

Finds Significance in Cal. Decision on Hospital Liability

Armstrong Crawford, former president of Great Lakes Casualty, writes as follows:

"Your last week's issue contained a most startling article which once again brings to mind the almost unbelievable trend which is so vitally affecting casualty insurance. I refer to the news of the California court decision which states that a hospital, although incorporated and conducted as a non-profit or charitable institution, cannot escape liability for damages sustained by a charity or non-charity patient. This is the complete reversal of a long-established and country-wide law which practically held harmless all non-profit and charitable asylums.

"To those who have observed the accumulation of similar changes during the past decade, this new California case is just another one of the many amazing incidents which clearly indicate the weird transition which is now taking place.

Precedents Are Discarded

"There was a time when damages were assessed and collectible only when pure neglect or the deliberate omission of safety were established beyond a question of a doubt. How different today. Precedents are discarded and a new and generous interpretation substituted in lieu thereof. Courts, juries, law makers, judges and attorneys have now become steeped in a new philosophy, and as all experienced insurance executives know, once a law is liberalized and the public tasted thereof, it is never rescinded.

"Thus we come face to face with the new trend involving liberal laws, almost philanthropically interpreted, and money (the other fellow's money) lavishly spent by those who do not foot the bills. This constitutes the new atmosphere and environment in which casualty insurance finds itself. It must be recognized and dealt with accordingly. No longer is the public satisfied with being judged by the 'liability imposed by law'. There is a new demand, and it must be met. This new demand places casualty insurance, not on the old time legal basis, but upon a new and almost 'social welfare' basis.

Once upon a time when an injury was sustained, be the claimant right or wrong, the question was 'Do you think I can collect?' but today, right or wrong, the claimant does collect. The tendency is to force payment for all accidents, or in other words, 'Some one must pay, regardless of neglect.'

Buyers Are Insistent

"If there be any Doubting Thomases, I suggest they review a few hundred claim files, chat with a good personal injury attorney, or check over just last year's changes in the law appertaining to neglect. There is without doubt, a definite trend to take from those who have and give it to those who have not, be they justly entitled to it or not.

"This new and increasing pressure has produced, and reasonably so, the insurance buyers insistence for up-to-date, broad form coverage. The very trend of the times demand it. Is it not logical that in keeping with the laws of progress, new security and protection for today's new problems must be provided?

"There now exists a golden opportunity to cast off the out-moded and by reconstruction, revision or discarding entirely the semi-antiquated policy contracts of yesterday, provide modern, up-to-date insurance that fully meets today's and tomorrow's demands.

"The courts' liberal interpretation and application of the law, plus the 'reading into' insurance policies social welfare characteristics, constitutes a view of what lies ahead. You can't beat the trend, but the trend always beats the unprepared."

H. C. Fach Resigns Detroit Post

H. C. Fach has resigned as assistant secretary of Great Lakes Casualty in charge of underwriting. Announcement of his future plans will be made soon. He became affiliated with Central West Casualty in 1929 as underwriter in charge of the compensation, public liability and plate glass departments. In 1933, he assisted in the organization of Great Lakes Casualty Company and when Great Lakes commenced operations in June, 1933, he assumed the position of superintendent of underwriting. In 1939, he was elected assistant secretary in charge of underwriting.

Globe Indemnity has appointed the McClamroch Company of Knoxville as general agent.

Travelers Shifts Manager Fair from Dayton to N. Y.

Charles A. Fair, Dayton, O., manager of the Travelers, has been promoted to the New York City office. Life and accident and health men there sponsored a testimonial luncheon for Mr. Fair. H. S. Stout, general agent John Hancock Mutual and president Dayton underwriters association; H. L. Bimm, general agent Massachusetts Mutual Life and president of the Life Managers group; Emerson Davis, manager Mutual Benefit Health & Accident and president of the Dayton Accident & Health Association, and Harry Cutler, special agent of the Travelers, expressed appreciation of Mr. Fair's work in those organizations.

Anstett Chicago Speaker

At a meeting of the Chicago Claim Association, with a large attendance, Charles P. Anstett, superintendent inspection department New York Life, spoke on "Ciné Surveillance." More than 75 attended.

Mr. Anstett told how motion picture cameras can be used to detect fraud where disability claims are involved. He presented motion picture study of actual investigations, and discussed the technical phases of taking such pictures so that they could be admitted as evidence in court.

N. Y. Agents' Tests Feb. 5

NEW YORK—The first examination for accident and health agents' licenses, for which written tests are required under the new law, will be given the afternoon of Feb. 5 in New York City, Buffalo, Rochester, Syracuse and Albany. Life agents' examinations will be given that morning in the same cities. It is possible that examinations will be given also at Utica later on. The New York department plans to give the tests every other month unless there are so many applicants that a more frequent schedule is imperative.

Doctor Urges Accident Curb

MILWAUKEE—Jaywalking, lack of alertness and a tendency to look to the right rather than both ways when crossing a street account for a large number of pedestrian accidents in Milwaukee, Dr. B. L. Corbett, executive secretary Milwaukee city safety commission, told the Milwaukee Casualty Adjusters As-

sociation. He urged that motorists involved in more than one accident in which they have been proved to have been negligent be deprived of license.

December Index at High Point

December industrial activity reached a higher seasonal level than any other month since the lowest point of the depression in 1932 with the exception of November, 1939, according to the index of industrial activity as computed by Lumbermen's Mutual Casualty. This index showed an increase of 18.4 percent over December, 1938, although showing a 2.4 percent decline from the high peak of November, 1939.

John Hall at Conferences

J. J. Hall, street and highway safety director of the National Conservation Bureau, accident prevention division of the Association of Casualty & Surety Executives, attended a conference with Maryland state officials at Baltimore Wednesday and will be present at a similar gathering of Alabama state officials at Montgomery, Jan. 29.

Excess Names New Officers

NEW YORK—R. A. McChesnie has been elected treasurer and W. B. Wise secretary of the Excess. Both have been with the company for several years.

L. F. Koppang, who has just gone with New England Casualty, has been secretary-treasurer.

Combination Druggist Policy

A new druggist's liability policy, combining professional liability and premises liability, is announced by United States Fidelity & Guaranty.

The Employers Group Associates is an investment trust where shares of the Employers Liability companies are featured. The quarterly dividend is 25 cents and an extra of 25 cents, payable Jan. 31. A year ago similar action was taken. During 1939 the dividends paid amounted to \$1.25 a share.

J. H. Dittman, superintendent of the burglary department of the home office of the United States Fidelity & Guaranty, spoke at a meeting of the Pittsburgh office. He was in Pittsburgh to address the Pittsburgh Insurance School class.

Rouillard Requires Broad Form Rider

Certain changes are being made by the New Hampshire department in connection with the financial responsibility law effective Feb. 1. Automobile owners who hold an operator's or a chauffeur's license, when called upon for evidence of financial responsibility, shall furnish such evidence not only for the operation of their own automobiles but also for their operation of any other automobiles. Insurers, when certifying the issuance of insurance to any such owner, shall certify that insurance has been issued covering such owner both as the operator of any motor vehicle as well as the owner of the vehicles registered in his name.

The additional insurance may be provided by endorsing the policy with the drive other car coverage broad form. Filing of limited drive other car coverage for financial responsibility is hereafter prohibited. A new form of cancellation or suspension endorsement is also promulgated by Mr. Rouillard.

The responsibility law was enacted in 1937 and Mr. Rouillard reports that it has resulted in the insuring of a large number of cars heretofore uninsured. In 1936, it is estimated that the number of those insured in New Hampshire was 33,000 and in 1938, it is estimated that the number reached 57,000. Under the assigned risk plan the normal markup in rates is 15 percent, he said. During a period of about 14 months, 219 such cases were handled with 135 accepted.

Movies Defeat \$35,000 Claim for Personal Injuries

Movies which showed F. S. Pride, Evansville, Ind., garage owner, doing various physical activities in spite of his claim that he sustained a permanent back injury and wore a surgical brace of steel and elastic, caused a jury to cut his \$35,000 claim down to \$775 in Warwick circuit court at Boonville, Ind. The claim was against Dr. H. S. Dome of Evansville, an assured of American States, who had lost control of his car in Pride's garage and had driven it through a door, injuring Pride, who was working inside. After seeing the movie showing Pride at work after the accident, the jury required only 15 minutes to reach a verdict. This is the first time so far as is known that motion pictures have been accepted as evidence for the defense in a negligence action in Indiana.

Pride had claimed practically the policy limits in settlement, alleging he was totally incapacitated and could do no manual labor. Two specialists gave a demonstration intended to prove that he constantly suffered great physical pain, and he screamed and nearly fainted in court so that he had to be revived by court attaches. However, the defense last summer was able to secure several hundred feet of film showing Pride was able to work despite his alleged disability.

Henning With Provident L. & A.

CHATTANOOGA, TENN.—R. D. Henning of Chicago has been appointed as a member of the home office staff of Provident Life & Accident.

Mr. Henning had been connected with Continental Casualty in Chicago. He will devote most of his time to supervision of the franchise division.

Osmer and Stewart Advanced

George Osmer and D. R. Stewart have been elected assistant secretaries of Preferred Accident and Protective Indemnity. At the same time C. H. Soule, assistant secretary, was elected a director.

Mr. Osmer has been with Preferred Accident 25 years and Mr. Stewart since 1911.

The New England Blue Goose is holding a ladies' night at the Latin Quarter, 46 Winchester street, Boston.

Travelers Promotes Man Who Compiled Auto Data



GEORGE D. NEWTON

George D. Newton has been promoted from agency assistant to assistant superintendent of agencies, casualty lines, by the Travelers. He is a graduate of University of Indiana. After newspaper work in Shelbyville, Ind., and on the Indianapolis "Star" and "News," he joined the faculty of the University of Indiana school of journalism. From there he went to The Travelers in 1927 as a member of the publicity department.

For several years he compiled the annual publications of automobile statistics which became popular and were used as authoritative source information by authors, public officials and many others interested in this problem. He became known as a leader in street and highway safety work throughout the country. In 1936 Mr. Newton transferred to the agency department, specializing on automobile insurance production.

Fidelity & Casualty Reports \$1,200,000 Gain in Assets

Fidelity & Casualty in its new annual statement reports assets \$51,580,443, a gain of nearly \$1,200,000. Premium reserve was \$12,106,115, virtually the same as the end of 1938. Capital is \$2,250,000 and net surplus \$14,223,593.

Toledo Bond Requirements Given

TOLEDO, O.—The city law department advised the Toledo Association of Insurance Agents that the following types of businesses in the city are required to post bond in the amount listed herewith, the maximum and minimum depending upon the contingent degree of liability: Taxicabs, \$6,000 per cab; vault cleaners \$200; car rental agencies \$5,000 to \$10,000; glass veneer agencies \$5,000; temporary stores \$150 to \$500; transient photographers \$1,000; fumigating contractors \$5,000; solicitation permits \$1,000; circus bonds \$300; detective agencies \$2,000; and towing services \$5,000 to \$10,000.

H. J. Drake, counsel of the Association of Casualty & Surety Executives and chairman of the committee on casualty insurance of the New York State Bar Association, will be host to the committee at its luncheon-meeting at the Hotel Roosevelt, New York, Friday. The bar association will hold its annual convention at the Waldorf-Astoria the last three days of this week.

The Columbus (O.) Claims Club, the Barristers Club and the Lawyers Club held a joint meeting. Mayor Green spoke.

Chicagoans Confer in N. Y. on Cost Plan

NEW YORK—Nine Chicago casualty and surety executives were in session here Wednesday with the new Chicago subcommittee of the casualty and surety acquisition cost conferences to discuss the acquisition cost situation in Chicago and Cook county in its various aspects. The subcommittee desired to get the facts and opinions of representative Chicagoans, to ascertain the sentiment that prevails in that city, to discuss possible amendments to the program for acquisition cost control and to survey the situation broadly.

Attended as Individuals

The Chicagoans went to New York as individuals and not as a committee. Any Chicago manager who desired to attend, was invited to be present.

The Chicago group consists of Roy Tuchbreiter, executive vice-president Continental Casualty; Spencer Welton, vice-president Massachusetts Bonding; W. O. Schilling, manager United States Fidelity & Guaranty; W. H. Hansmann, vice-president Fidelity & Deposit; V. H. Bartholomew, manager Standard Accident; Hurd Douglass, manager New Amsterdam Casualty; John P. Keevers, manager Maryland Casualty; B. J. Nietschmann, manager National Surety, and E. L. Stephenson, resident vice-president United States Casualty.

George E. Turner, Chicago administrator for the conferences in Chicago, is also attending the New York meeting.

Report Medical Rider Forms Disapproved in Missouri

KANSAS CITY — Apparently medical-expense-for-automobile-guests forms filed in Missouri have been disapproved by the department. Some bureau companies file all forms with the department as a regular procedure, whether or not they are the type over which the department ordinarily assumes jurisdiction. Others do not file all forms. The department has not assumed authority over casualty forms, as it felt it did not have that authority under the Missouri statute. The medical expense rider was filed as a casualty form, but it appears that the department regards it as an accident and health form, and therefore is exercising jurisdiction. Some of these companies have dropped the form. The position of companies that did not file the form but have been using it is questionable.

The form has proved an important premium producer in Kansas. That state has a guest law which eliminates the liability of the owner or driver except under certain conditions. In Missouri, which does not have a guest law, it has not had much distribution.

Would Bond Church Treasurers

NEW YORK—In a report of a special committee of the Episcopal House of Bishops a recommendation was made that church treasurers be bonded. The report was made public by the national council of the Protestant Episcopal Church. While commending the work of church treasurers in general, the report pointed out that there have been instances where matters for which members of a board have been jointly responsible have been left in the hands of one man. In a few instances this confidence has been betrayed.

Recommends the Ten P's

CINCINNATI—Felton J. Koch, manager Hooper Holmes Company at Columbus, addressing the Cincinnati Accident & Health Association, said he had formed some conclusions about accident and health insurance selling. Mr. Koch advised the producer to key his activities to preparation, planning, prospecting, presentation, production, personality, pep, prestige, persuasion and punctuality.

Joins New Company

W. Dewey Neese, who has joined the newly organized New England Casualty of Springfield, Mass., in an underwriting capacity, was formerly office manager and chief underwriter of all casualty lines in the Boston office of Standard Accident.



W. Dewey Neese

New England Casualty is formed as a running mate of the important Springfield F. & M. group. Mr. Neese is a past president of the Association of Casualty Underwriters of Boston and that organization gave him a farewell dinner on his departure for his new position.

His first experience was with Casualty Reciprocal Exchange of Kansas City. He then went with Standard Accident in the home office and about ten years ago was transferred to the New England position.

National Surety Figures

The National Surety in its new statement shows assets \$25,401,241, increase \$1,219,934. Its cash item was \$3,097,083. The capital is \$2,500,000 with net surplus of \$11,556,950. President Cullen, in commenting on the figures, states that the cash and ready marketable securities amount to \$23,401,115, a coverage of more than two to one in liquid assets, plus \$1,248,947 in quick receivables and the value of the home office building which has been written down from \$850,000 to \$500,000. He said that the National Surety business has grown substantially and the loss and expense ratios are favorable.

Among the items in the National Surety statement are cash \$3,097,983, bonds \$7,968,174, preferred and guaranteed stocks \$4,996,311, common stocks \$7,590,725. The loss reserve is \$3,837,717, premium reserve \$5,627,264, contingency reserve \$251,178, capital \$2,500,000, net surplus \$11,556,950.

Need Full Cooperation on Safety

Safety education in schools, if it is to be effective, must command the intelligent participation of every one, including students, teachers and service employees, according to Kenneth N. Beadle, education director of the National Conservation Bureau in an article "What Should Be Included in a High School Safety Program," in the February issue of the "School Board Journal."

Agent Charges Contract Violated

G. E. Possin of Waupun, Wis., has filed suit in circuit court asking \$50,000 damages from Farmers Mutual Managers, Inc., and Farmers Mutual Automobile of Madison, for alleged violation of his district agent's contract. He charged that on Sept. 1, 1928, Farmers Mutual Managers, Inc., appointed him district agent for all of Columbia and Jefferson counties and 15 townships in Dodge county. On Jan. 24, 1930, it was agreed, he claimed, that he could have the position as long as the corporation managed sales and adjustments for the insurance firm. Both defendants terminated his contract on Jan. 27, 1939, he said in his complaint.

Minnesota U. Casualty Courses

MINNEAPOLIS—Advance evening courses in casualty and surety underwriting will open at the University of Minnesota Feb. 5 and continue through the winter and spring. L. C. McGee, Aetna Casualty, will conduct the casualty classes while R. G. Clark, St. Paul-Mercury Indemnity, will have charge of the surety course.

ACCIDENT AND HEALTH

Western New York Plan Under Way

BUFFALO — The Western New York Plan, to provide medical care for low income groups, has been approved by the Medical Society of Erie County. The plan will operate under the new state law providing for such organizations under the supervision of the state insurance department. Dr. George R. Critchlow is acting managing director. Membership is restricted to those with the following income limits: Without dependents, \$1,800 per year; for man and wife, \$2,500; a couple with children, \$3,000.

Physicians cooperating sign a contract to give professional services for less than regular fees to beneficiaries under the policies which are written on a group basis. The fee schedule will be decided later by the board of trustees.

Favored Lower "Ceiling"

Although the Erie county physicians favored a \$2,500 income "ceiling" for policyholders with families, the insurance department had full authority in this respect so it had to be raised to \$3,000. As soon as the permit is issued by the insurance department, the organization will begin to make contracts with members and to sell group policies.

The Western New York Plan has a tentative agreement for administrative cooperation with the Western New York Hospital Service Corporation which already has 100,000 hospitalization insurance policyholders. The hospital group cannot sell medical insurance and medical groups cannot sell hospitalization insurance, but the state

Michigan Medical Plan Is Explained

DETROIT—The new Michigan medical service plan and the competitive angles involved were reviewed at the January meeting of the Detroit Accident & Health Association. Steps taken to settle the long-standing series of disputes between insurance adjusters and physicians regarding the handling of claims were discussed by two members of the Wayne County Medical Society.

Dr. C. E. Umphrey stated the medical service plan will allow several millions in the lower income brackets to secure better medical attention, and will do much to prevent the much discussed socialized medicine. The plan went into effect Jan. 1 in Detroit and will be extended into the state as rapidly as administrative facilities permit.

Subscribers can obtain the services of physicians of their choice for a monthly fee of \$1 and \$2 for individuals, \$3.50 for husband and wife and \$4.50 for the entire family, regardless of size. After the payment of the first \$3 for medical service within one year, subscribers are entitled to \$325 medical attention for an individual; \$550 for husband and wife or \$875 for a family. Dental care, nursing, drugs, appliances and hospitalization are not included.

The plan is limited to single persons with not more than \$2,000 annual income and to families having not more than \$2,500 income. Eligible employed

law permits them to combine their clerical and bookkeeping staffs. This will simplify payroll deductions to cover premiums of both group policies.

persons under age 65 enrolled in groups of 25 or more can subscribe. It is estimated that 85 percent of Michigan's 5,000,000 population falls within this category. At the outset subscriber groups will be on an occupational basis through employers. Later farmers will be admitted through the grange, etc.

Dr. Earl G. Krieg, member of the adjusters-medical committee of the Wayne County Medical Society and the Detroit Adjusters Association, reported progress in the elimination of claim practice complaints. A joint committee of three physicians and three adjusters found that many complaints were due to ignorance of the facts and the problems confronting both sides. Through education and conferences there has not been a single failure in the conciliatory work. At the last two meetings not a single complaint has been received either from physicians or insurance company representatives.

J. J. Crane Made Manager for Northeastern Iowa

John J. Crane has been appointed northeastern Iowa manager of the Mutual Benefit Accident & Health and United Benefit Life, with headquarters at Waterloo, Ia. For the past year he has been agency supervisor of the Walker agency of Salt Lake City, which manages the companies in Utah. He succeeds William Hoover, manager in northeastern Iowa for 17 years, who now retires at the age of 72. Mr. Crane is president of the Salt Lake Accident & Health Association and chairman of the attendance committee of the Salt Lake Life Underwriters Association.

F. E. Walker, president of the Walker agency, has appointed A. H. Good of Ogden, Utah, to succeed Mr. Crane. Mr. Good has been with the agency three years and is secretary of the Ogden Life Underwriters Association.

Alternative California Group Forms Are Announced

SAN FRANCISCO—A complete list of alternative forms for use in writing group disability in California effective Feb. 15 has been promulgated by Commissioner Caminetti, in line with his order of Dec. 28 following a hearing on group disability and family expense disability policies.

These alternative forms must be used by all companies writing group disability until the special committee to be appointed, with Harold Haas, assistant commissioner, as chairman, works out specific forms. Representatives of the Health & Accident Underwriters Conference, Bureau of Personal Accident & Health Underwriters and the Group Association (accident and health section) will be on the committee, with three other members appointed by the commissioner.

Install Los Angeles Officers

LOS ANGELES—New officers were installed at the past presidents' dinner of the Accident & Health Managers Club of Los Angeles. H. G. Royer, president Great Northern Life, Chicago, spoke on "Sell what you have to sell and forget competition."

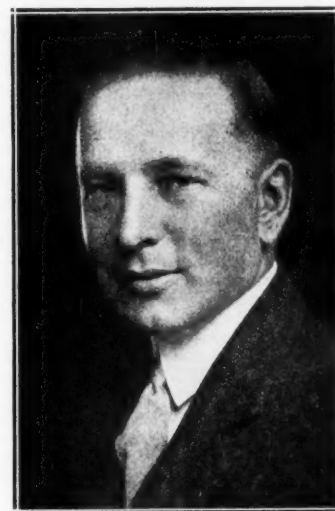
W. L. Thomas, W. E. Leiby, P. H. Ackerman, Earl McGary, C. M. Beall, E. F. Hansen and Hugh Johnson, past presidents, spoke briefly. Floyd Forker, production manager Pacific Mutual Life, also was a speaker.

Walter E. Mast, in relinquishing the presidency, reviewed briefly the happenings of the year. President Byron D. Williams on assuming office suggested that section meetings be held monthly by the new commercial, group and industrial sections, and announced the next meeting for Feb. 21.

May Join the Bureau

NEW YORK—Quiet speculation is heard in casualty circles as to the likelihood of the Security Mutual Life, the United States Life and

New K. C. Manager of Northern Life, Seattle



F. L. HILDEBRAND

F. L. Hildebrand, who has just resigned as Kansas City general agent of the Illinois Bankers Life, to become manager there of the Northern Life of Seattle, is well known among accident and health men and is a veteran in that field, having started with the Employers Indemnity (now Employers Reinsurance) when it was a direct writer of accident and health business. He has been with the Illinois Bankers for five years.

the recently organized New England Casualty of Springfield, Mass., joining the Bureau of Personal Accident & Health Underwriters. The two life companies have already launched their new departments, each in charge of a specialist. E. A. Hauschild, now with the Security Mutual, was previously with the Continental Casualty, while the accident and health division of the United States Life is directed by Arthur Mountrey, formerly with the Standard Surety & Casualty, both bureau members.

Provident L. & A. Group Changes

Jack DuPree, son of a South Carolina agency manager of the Provident Life & Accident, will work out of the home office handling claims for the group department. Clinton Walton, for a number of years with the Provident's home office as group solicitor, has been transferred to South Carolina in charge of textile groups.

Inter-Ocean Casualty Figures

In its Dec. 31 statement, the Inter-Ocean Casualty, Cincinnati, shows an increase of \$81,431 in assets to \$798,481 and an increase in premiums of \$138,600 to \$1,695,951. Capital was increased from \$150,000 to \$200,000. Policyholders' surplus was \$390,056, increase \$46,916.

Davis Is Dayton President

The Dayton (O.) Accident & Health Association at its January meeting elected these new officers: President, Emerson Davis, Mutual Benefit Health & Accident; vice-president, Frank C. Holloway, Pacific Mutual Life; secretary-treasurer, Charles F. Harroll, Inter-Ocean Casualty; chairman executive committee, E. C. Noe, Business Men's Assurance.

New Boston Club Functioning

BOSTON—The Boston Accident & Health Association was formally organized and invitations are being sent to managers and key men of the accident and health offices to become members. Monthly meetings will be held and instructive speakers secured. Officers are:

Something Entirely New in Insurance

PATENT INSURANCE

POLICIES ISSUED BY SEABOARD SURETY COMPANY

Here is an entirely new type of insurance coverage—insurance against loss arising from patent infringement. Never before has a straight insurance policy protecting patent rights been offered brokers and agents. Its need has been conclusively proved by our 14 years of successful experience in the patent protection field. It is a coverage that every agent and broker can easily add to his present line.

This new insurance policy is just what its name indicates—insurance against loss arising from patent infringement. Manufacturers will want this protection. They can proceed with marketing problems, secure in the knowledge that if any patent litigation against products, devices or processes develops they—and their customers—are protected from loss.

Just as industrial corporations protect their plants with fire insurance, their payroll deliveries with armored cars, so does this new type of patent insurance protect them against losses arising from patent infringement. And that means losses resulting from decrees, judgments, awards, halting of business operations, loss of customer confidence—and the countless other forms of this business hazard.

Write today for more complete information on this new type of insurance policy. Every agent and broker can easily add it to his line.

NATIONAL PATENT CORP.

Founded in 1926

135 South La Salle Street, Chicago • Tel. Andover 3300

President, W. A. Simmons, Loyal Protective; vice-president, J. E. Deutsch, Monarch Life; secretary-treasurer, Milan A. Heath, Massachusetts Casualty; executive committee, Henry B. Fowler, General Accident, chairman; Walter Barr, Massachusetts Bonding, and Alfred Moore, Massachusetts Indemnity.

Life Man Milwaukee Speaker

MILWAUKEE—H. C. Fuller, Sr., spoke on "Insurance Salesmanship" at a meeting of the Milwaukee Accident & Health Association. He has been associated with Northwestern Mutual Life for 15 years and is chairman of the Milwaukee Association of Life Underwriters educational committee and recently conducted its sales training course. He also is instructor in the life insurance course at the University of Wisconsin extension division, Milwaukee.

Warns of Government Threats

SALT LAKE CITY — Stanley J. Stephenson, executive secretary Utah Manufacturers Association, spoke to the Salt Lake Accident & Health Club. In the absence of President J. J. Crane, F. Edward Walker, Mutual Benefit Health & Accident presided. Mr. Stephenson warned against government threats to free enterprise and attacks on the American agency system. The insuring public expects company executives and agents to defend their interests and equities against this encroachment.

Talks were made by President Frank Mozley of the Salt Lake Life Underwriters Association, Secretary-treasurer George W. Cox, and Frank W. Bland, THE NATIONAL UNDERWRITER, who outlined plans for the observance of National Accident & Health week, April 22-27.

Goss Is Northern Supervisor

L. B. Goss has been appointed supervisor of production of the railroad-department of the Provident Life & Accident for the northern zone. F. A. Ward is named service representative in the Chicago area.

Happich Is Newark Speaker

At the January meeting of the Accident & Health Club of Newark, Fred G. Happich of the Prudential spoke on "What the Candid Camera Reveals." He illustrated his talk with several movies of activities of persons who were claiming total disability. The use of such films to substantiate testimony of witnesses in fraudulent cases of this nature was recommended by Mr. Happich. The membership has now reached 80.

New Chicago Company

The Amalgamated Life & Health is being organized in Chicago on a stock basis to write life, health and accident insurance. The capital is \$200,000, consisting of 2,000 shares of par value at \$100 per share to be sold at \$150 a share. Samuel Levin, A. D. Marimpietri and C. H. Burr are the incorporators, being connected with the Amalgamated Clothing Workers of America, a C. I. O. trade union. This union controls the Amalgamated Trust & Savings Bank of Chicago. The incorporators are connected with the bank.

Human Element Stressed

PITTSBURGH—The importance of the human element in selling was stressed by Gerald F. Notar, Massachusetts Bonding, at the monthly meeting of the Pittsburgh Accident & Health Managers Association.

Hold Indiana Regional Meet

A regional meeting for Wisconsin National Life agents in Indiana under the supervision of Robert N. Sine was held in Lafayette, with 15 agents attending. Results achieved in 1939 were reviewed and the program for 1940 activities out-

lined. Several new policies issued by the company were discussed and especially well received. At the luncheon brief talks were made by the wives of the agents, a number of whom were present.

Sam Anderson A. & H. Leader

Sam Anderson of A. C. Prendergast & Co., Dallas, general agents for Connecticut General Life, led the agency force of the company nationally in production of accident insurance for 1939.

W. H. Galetine, Globe Indemnity vice-president in charge of production,

reports that the new \$3 accident policy is very popular and the initial six months' supply of policy blanks was used up in six days.

Boston Claim Men Hear Schooley

BOSTON—At the January meeting of the Boston Life & Accident Claim Association Manager R. W. Schooley of the Allan Commercial Service gave an illustrated talk on the use of motion pictures in claim cases.

Inner Circle's First Meeting

The Time of Milwaukee is holding the first meeting of its newly formed Inner

Circle at the Edgewater Beach Hotel, Chicago, Feb. 20. The Inner Circle comprises a group of 25 of the company's best agents. Many of them will be accompanied by their wives.

R. B. Jones & Sons of Kansas City has renewed the accident production campaign which ran Nov. 15-Dec. 15, and will run the second edition Jan. 15-Feb. 15.

The Combined Registry Company has moved into its own home office building at 5316 Sheridan Road, Chicago. Clement Stone is manager.

Order Argus Charts, Casualty \$1, Fire \$1, both \$1.50. 420 E. 4th St., Cincinnati.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, *President*

FINANCIAL STATEMENT

December 31st, 1939

ASSETS

Cash in Banks	\$ 3,097,082.84
Investments:	
Bonds	\$7,968,173.85
Preferred and Guaranteed Stocks	4,996,311.16
Common Stocks	7,590,725.00
	20,555,210.01
Premiums in Course of Collection,	
Not over 90 Days Due	1,076,346.20
Accrued Interest, Dividends and Rents	115,517.37
Reinsurance and Other Accounts Receivable	57,084.79
Home Office Building	500,000.00
TOTAL ADMITTED ASSETS	\$25,401,241.21

LIABILITIES

Reserve for Losses	\$ 3,837,716.64
Reserve for Loss Adjustment Expenses	720,500.00
Reserve for Unearned Premiums	5,627,263.64
Reserve for Commissions, Expenses and Taxes	907,633.23
*Contingency Reserve	251,178.01
Capital	\$ 2,500,000.00
Surplus	11,556,949.69
Total Capital and Surplus	14,056,949.69
TOTAL	\$25,401,241.21

*Represents difference between total values carried in assets for all bonds and stocks owned and total values based on December 31, 1939 market quotations.

Bonds carried at \$1,266,005.90 are deposited for purposes required by law and bonds carried at \$31,022.40 are deposited as collateral on surety bonds required in court proceedings.

CHANGES IN CASUALTY FIELD

Hartford Accident Makes Several Field Changes

E. T. Pike, Kansas City manager Hartford Accident, has been transferred to the home office to perform general duties and will be succeeded at Kansas City by P. A. Dow, Cincinnati manager.

R. B. De Vore, special agent in charge of the Detroit service office, was appointed Cincinnati branch manager and R. W. Muldoon was advanced to assistant manager there.

Mr. Pike has had long service, having been special representative Hartford Accident in Philadelphia, and before that associated for many years with the Knox agency at Hartford as fidelity and surety manager. Mr. Dow is a native of Missouri and entered insurance in 1919 at Chicago with the Continental. He went with Hartford Fire in 1921, becoming special agent in Tennessee, and in 1924 was transferred to the head office with the indemnity company. He has been manager since 1926 of the Louisville branch which recently was transferred to Cincinnati.

Mr. De Vore joined Hartford Accident in 1926, becoming special agent of the

bonding department at Philadelphia. He was later special agent in central New York. He has been at Detroit since 1935. Mr. Muldoon is a Kentuckian who has been Hartford Accident special agent since 1926 in Tennessee and Kentucky, and also had experience as underwriter in the former Louisville branch.

Eklindinst Special Agent

CINCINNATI—T. J. Eklindinst has been appointed special representative of the Fidelity & Deposit at Cincinnati assisting F. J. Roelle, manager. He has just completed the special home office training course and is a graduate of the University of Virginia.

U. S. F. & G. Changes in Pittsburgh

PITTSBURGH—Several changes in the U. S. F. & G.'s office here are announced by Manager A. C. Supplee. A. A. Hawthorn, formerly superintendent of the surety department, has been placed in charge of the new "graphic audit" department in charge of surveys. Jesse R. Rossmann, underwriter in the surety department for five years, has been promoted to superintendent.

Charles F. Eckert, formerly with the home office, has been made surety underwriter.

Etheridge to Memphis

W. E. Etheridge, manager of the Little Rock claim division of the Maryland Casualty, has been transferred to Memphis as claim division manager. He is succeeded at Little Rock by W. L. Logan, Jr.

Mr. Etheridge went with the company in 1929 and had been stationed in Louisville, St. Louis and Tulsa, Okla., before going to Little Rock. Mr. Logan had been an adjuster at Little Rock for several years.

Doucher in Columbus Law Firm

DETROIT—T. A. Doucher has resigned as assistant manager of the claims department of the Great Lakes Casualty to become a member of the insurance legal firm of Wiles & Doucher, Columbus, O.

Fox with American Employers

NEW HAVEN, CONN.—Arthur G. Fox, recently resigned as special agent National Surety in Omaha, has been appointed special agent of the American Employers and assigned to travel out of New Haven. He will be associated with Manager George E. Loneragan. Mr. Fox has been at the home office in Boston preparing for his new work.

Dean to New York City

Earl Dean, Minneapolis, who has been superintendent of agencies in Minnesota for the Aetna Casualty, is being transferred to New York City.

John L. Young has been appointed supervising engineer in the Rhode Island department of the Employers Liability.

A. A. Jaynes, for 10 years an adjuster in the New York office of Aetna Casualty, has been transferred to Los Angeles. He is native of southern California.

Great Western Agency, Omaha, has been appointed general agent for the Aetna Casualty. John Dale & Son, also will continue to represent the Aetna in Omaha.

SURETY

Fidelity Line Is Showing Much Strength in New Year

Surety department managers report that the year is commencing in brisk fashion, with an active demand for miscellaneous classifications of bonds. Especially heartening is the fact that fidelity lines are strong, which is attributed to the fact that with improved business conditions generally there is a demand for increased coverage. Surety executives hold but small hope, however, that the record of 1939 can be surpassed or even reached this year, for the reason that the amount of heavy construction projected by the federal government this year is 8 percent less than the volume for 1939, and it was this type of activity that swelled the surety writings so substantially last year.

Discuss Oil Well Bonds

LOS ANGELES—The Surety Underwriters Association of Southern California discussed the blanket bond for oil well drilling. The matter was referred to a committee for consultation with the state authorities, to reach a satisfactory form.

Big Pittsburgh Housing Bond

PITTSBURGH—Contractor's bond on the \$3,897,000 contract for Terrace Village No. 2, the third and most extensive slum clearance project undertaken by the Pittsburgh Housing Au-

thority, was written by the United States Guarantee. Co-sureties are St. Paul-Mercury Indemnity, Seaboard Surety and Mellbank Surety. The contract was awarded to the Hunkin-Conkey Company of Cleveland.

COMPENSATION

Says Provisions Are Contradictory

LINCOLN, NEB.—John S. Logan, attorney for the Nebraska department, is investigating complaints that companies writing workmen's compensation coverage are issuing policies containing contradictory provisions. He finds that one provision in policies presented for approval is to the effect that the company will retain the minimum premium charged in full, while another provides for return of unearned premiums on cancellation of policies. Complaints were based on the claim that the practice discriminates against the small employer.

Seek Compulsory Law in Kentucky

LOUISVILLE — Bills were introduced in both the houses of the Kentucky legislature calling for a constitutional amendment allowing the legislature to make the compensation act compulsory. The state administration, prompted by a mine disaster last summer at Providence, which cost the lives of 28 men not covered by the compensation act, is also working on a bill to force employers not under the act to post bond or carry insurance to abide by its provisions. The original compensation act was compulsory, but was declared invalid by the court of appeals.

Vt. High-Low Limit Is \$2,000

NEW YORK—By direction of Commissioner Carpenter of Vermont the National Council on Compensation Insurance will amend its retrospective rating plan to provide that risks in that state producing an annual premium of \$2,000 or more be eligible for such treatment. The change as to Vermont will become effective April 1.

New Mississippi Bill

JACKSON, MISS.—Another effort to give Mississippi a workmen's compensation act has been started in the house with the introduction of a bill signed by 15 members. The measure would exclude railroad workers, farm labor and domestic help and apply only to employers of six or more workers. Maximum compensation for loss of life would be \$7,200, maximum weekly payments \$18 and minimum \$6.

Rescind "Single Entity" Order

OKLAHOMA CITY—The Oklahoma insurance board has rescinded its order of Dec. 19 prohibiting companies writing compensation insurance in Oklahoma from covering more than one entity under a single workmen's compensation or employers liability policy, and from covering members of an association under a single policy issued in the name of the association. The rescission followed protest filed by the Oklahoma Ginners Association and the grain elevator operators association.

Remedy Nebraska Situation

LINCOLN, NEB.—At a special session of the Nebraska legislature two bills were passed to correct the situation created by the state supreme court holding that the compensation law passed 26 years ago failed to designate upon whom service of suits on claims of state employees should be had. The new measure provides for service upon the attorney-general where the state is sued as an employer. Where the suit is against any governmental agency in the state, service must be had upon the head of that agency. Another bill gives the state compensation court jurisdiction over such cases.

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NEWS OF THE CASUALTY COMPANIES

U. S. F. & G. Figures at the End of 1939

The annual report of the United State Fidelity & Guaranty shows the net premium income \$33,871,834, an increase of slightly more than 1 percent. The report also shows that after dividends of \$1,000,000 had been paid \$2,196,454 was added to surplus and undivided profits. The legal reserves were increased by \$2,599,808, and stand at \$42,424,878, the highest in its history.

In order to avoid frequent changes due chiefly to fluctuating market prices of securities, the report shows that the surplus has been established at \$10,000,000. At the end of 1938 it was \$9,093,368. In addition to the surplus as shown, there appears the item of undivided profits, \$2,789,823. This is made up of an item of \$1,500,000 in past years carried as voluntary contingent reserve, and of surplus in excess of \$10,000,000—\$1,289,823.

Loss and Expense Ratios

The loss ratio continued below the average expected and the expense ratio remained approximately the same as in 1938.

The portfolio of bonds and stocks shows a total of \$37,246,573, as compared with \$35,505,061 the year before. With bonds and stocks at market prices the total would be \$38,272,979. Holdings of U. S. government obligations and Federal Land Bank bonds were increased by \$2,950,000, to \$18,300,000, constituting approximately 50 percent of the investment portfolio. Cash amounted to \$8,325,514, compared with \$4,530,218 at the end of 1938.

In 1939, President Davis states in his report, there were substantial rate de-

creases in many classes of fidelity, surety, and practically all casualty and burglary business. "Naturally," continues the report, "these changes affect premium volume. Hence the full measure of our intensive development efforts during the year 1939 is not reflected in the increase recorded. While the increase was modest, it is nevertheless encouraging in the face of indications that the surety and casualty business as a whole will show a decrease."

The surplus to policyholders was \$14,789,823, consisting of capital \$2,000,000, surplus \$10,000,000, and undivided profits \$2,789,823. Assets increased from \$52,906,142 to \$57,528,655.

New Amsterdam's New Statement

The annual statement of the New Amsterdam Casualty shows earned premiums \$13,173,077, other income \$695,694, total \$13,868,771, losses and claim expenses incurred \$7,086,325, underwriting expenses \$5,334,501, profit and loss \$11,392, total \$12,432,218. The operating profit was \$1,436,552. It paid in dividends \$350,000. The assets are \$27,301,457, the largest item being federal treasury bonds \$8,523,000, and the next, real estate \$5,847,730. The U. S. Casualty stock amounts to \$2,169,926. The premium reserve is \$6,244,634, claim reserve \$12,105,614, contingency reserve \$1,652,636, capital \$1,000,000, net surplus \$5,000,000. There was transferred to surplus \$1,000,000. The U. S. Casualty had an operating profit of \$508,252, the New Amsterdam Casualty owning the control.

President J. Arthur Nelson finds that the results last year were very satisfactory, the underwriting profits being the largest the company has ever had. The

earned premiums were somewhat less than a year ago, largely due to rate reduction.

Great 1939 Record by Chicago Company

The Continental Casualty of Chicago issued its new annual statement this week. Its assets are \$37,291,201, increase \$3,238,000. It has \$15,043,971 in cash and federal government securities, which is more than \$572,000 in excess of its claim reserve. The surplus is \$6,822,090, increase \$617,088 after the payment of dividends of \$585,000 and transferring \$250,000 from surplus to capital as a stock dividend. Its net premiums were \$22,998,520, increase \$1,959,348, which is an outstanding record. The premium increase reflects the momentum the company has developed. It is an all-time high record in premium volume and was accomplished in a year of unusual events especially with the sharp automobile rate decrease. More new agents were appointed than in any comparable period.

The following summary of the underwriting investment exhibit is of interest: Insurance underwriting profit... \$ 834,693 Investment earnings less investment expense 829,222

Operating profit before provision for federal income tax... \$1,713,916 Provision for federal income tax 265,000

Operating profit after federal income tax \$1,448,916 Cash dividends paid to stockholders 585,000

Net gain from operations less cash dividends paid to stockholders and provision for federal income tax \$ 863,916

Net profit from sale of investments 19,784

Net decrease in market value of investments not eligible for amortization 18,329

Net credits from sale of investments and change in market value 1,454 Net credits from special reserves 1,716

Net credits to surplus from adjustments as above 3,171

Net addition to surplus..... \$ 867,087 Stock dividend transferred from surplus to capital 250,000

Net addition to surplus after stock dividend \$ 617,087 Surplus Dec. 31, 1938 6,204,962

Surplus Dec. 31, 1939 \$6,822,090

The Continental Casualty's premium reserve is \$9,784,360 as compared with \$9,112,384 a year ago. Its claim reserve is \$14,471,849, as compared with \$12,959,371. The general contingency reserve is \$1,800,000. The capital is \$2,000,000 and net surplus \$6,822,050.

St. Paul-Mercury Gains

Assets of St. Paul-Mercury Indemnity are \$12,073,133; premium reserve is \$3,147,659; loss reserves, \$2,763,226; capital, \$1,000,000, and net surplus \$4,202,049. The increase in net premiums for the year was \$173,685, increase in premium reserve \$145,407, increase in assets \$1,745,908, increase in surplus \$990,182.

Net premiums written were \$6,450,000, an increase of \$173,000. There was an underwriting profit of \$795,000 and a total profit of \$1,190,000.

American Credit Report

The report of the New York department covering its examination of the American Credit Indemnity as of June 30 shows assets, \$4,917,098; capital, \$1,500,000; liabilities, \$1,732,457, and net surplus, \$1,684,641. The American Credit Indemnity is owned by the Commercial Credit of Baltimore, which in June, 1936, acquired 49,965 of its 50,000 capital shares.

Preferred Automobile Changes

GRAND RAPIDS, MICH.—The Preferred Automobile announces that Vivian D. Gould, assistant secretary-treasurer, and Harry J. Ackerman, superintendent of agencies, have resigned

and that Edward H. Brink and James K. Miller have joined the company. Mr. Miller was formerly with the old United Automobile prior to its acquisition by the Hawkeye of Iowa. Mr. Brink was with the Professional Underwriters with headquarters here for a time and recently has been associated with Mr. Miller in the B. & M. Underwriters, an agency.

The Farmers Mutual Automobile of Madison, Wis., will begin issuing non-assessable policies Feb. 1.

Inter-Ocean Cas., O.—Assets, \$798,480; inc., \$81,431; unearned prem., \$218,026; loss res., \$110,166; capital, \$200,000 (incl. \$50,000 stock div.); surplus, \$190,056; dec. \$3,083 (by reason of stock dividend). Experience:

Net Prems. Losses Pd.
Accident & health... \$1,695,950 \$757,016

Minn. Commercial Men's—Assets, \$320,838; unearned prem., \$1,985; loss res., \$25,918; reserve for unpaid expenses, \$2,991; surplus, \$280,810. Experience:

Net Prems. Losses Pd.
Health \$ 165,067 \$ 122,043
Accident 120,603 65,494
Hosp. & surgical.... 10,189 4,227

Total \$ 295,859 \$ 191,765

Commercial Trav. Mut. Acl., N. Y.—Assets, \$3,926,745; inc., \$487,639; unearned prem., \$663,176; loss res., \$922,548; surplus, \$1,935,118; inc., \$310,459. Experience:

Net Prems. Losses Pd.
Accident & health... \$3,739,925 \$2,390,865

Government Employees, D. C.—Assets, \$664,971; inc., \$186,970; unearned prem., \$329,138; loss res., \$40,140; liab. res., \$91,918; capital, \$100,000; surplus, \$103,090; inc., \$50,773. Experience:

Net Prems. Losses Pd.
Auto liability \$ 232,279 \$ 78,937
Auto prop. damage. 77,976 31,044
Auto collision 166,601 89,421
Other auto 89,317 21,926

Total \$ 566,173 \$ 221,328

The Hardware Indemnity of Minneapolis has been licensed in Michigan.

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CASUALTY PERSONALS

Miss Queenie Johnstone, office supervisor of Standard Accident, celebrated 15 years of service with the company. Miss Johnstone was presented a 15-year service button by F. S. Brown, vice-president and secretary, on behalf of the company's service organization. Her work involves the supervision and instruction and responsibility for all the functions of the supervising department. Personnel, management of the home office building, purchasing of equipment, routine and procedure, and a multitude of other duties are included in the work.

Robert H. Breninger, vice-president Merchants Indemnity in charge of underwriting, died in St. Petersburg, Fla., following an emergency appendectomy. He was stricken on a train en route to St. Petersburg. Mr. Breninger was born in Brooklyn Aug. 4, 1877, and had been in the insurance business at New York for many years. He first went with the Home in 1893, then was connected briefly with Johnson & Higgins and with Clarence McDaniel in a New York local agency from 1910-12. He joined the George F. Malby agency of Brooklyn and soon started his own agency. Mr. Breninger was interested in organization of the Merchants Indemnity by Merchants Fire and took charge of underwriting. Services were held at Bright Water, L. I.

H. G. Evans, president American Casualty, visited Nashville and Memphis last week in his own plane.

L. J. Miller, 74, who had represented the Provident Life & Accident's railroad department 25 years, died at his home in Chattanooga.

William Leslie, general manager National Bureau of Casualty & Surety Underwriters, who went to San Francisco to appear before Commissioner Caminetti's hearing on compensation rates, is visiting Portland and Seattle between hearings.

Henry S. Burroughs, 71, who retired five years ago as assistant secretary of

the Washington National, died in Coldwater, Mich., where he had gone for his health. He was a brother of Edgar Rice Burroughs, author of the "Tarzan" stories. After graduation from Yale and before entering the insurance business Mr. Burroughs engaged in cattle ranching and gold mining.

H. P. Welch, manager compensation and liability department in the Insurance Exchange branch of the Continental Casualty, Chicago, will be married in the latter part of January at Des Moines to Marguerite Murphy of that city. A bachelor dinner was tendered him by about 100 brokers and members of the staff of the branch office. This was an informal affair with Clark J. Nolan, prominent broker and president Insurance Brokers Association of Illinois, and George Middleton as co-toastmaster. He was presented a gift.

Elmer S. Tiger, manager Aetna Casualty in Worcester, Mass., was given a watch and good wishes of some 50 friends at a farewell dinner. He has been transferred to Rochester, N. Y. General Agent W. R. Carrick of Worcester presented the watch.

Just released from the press is the official transcript of the "Fourth Symposium on Silicosis," edited and published by B. E. Kuechle, vice-president and claims manager Employers Mutual Liability of Wausau, Wis. Held each year in connection with the Trudeau School of Tuberculosis at Saranac Lake, N. Y., the symposium gathers together the most advanced thoughts and research on silicosis in the nation.

Mr. and Mrs. W. J. Braden announce the marriage of their daughter, Margaret, to **Walter R. Mengelberg**, who is vice-president in charge of underwriting of Lumbermen's Mutual Casualty of Chicago.

Paul Rutherford, president Hartford Accident, was elected a director of the Hartford-Connecticut Trust Company.

'loading' percentage of the rates, so as to require stock companies or mutuals to abandon the agency system of conducting its business, is in effect a step toward state monopoly in the field of workmen's compensation insurance. That this was not intended is clearly evident from the documents, statutes and cases hereinbefore mentioned."

Law Is Primary Question

Mr. Cunningham further points out that the express declaration of policy of the state is "that the fund shall, after a reasonable time during which it may establish a business, be fairly competitive with other insurers, and it is further therein declared to be the intent of the legislature that the fund shall ultimately become neither more nor less than self-supporting. In respect to this latter provision it is obvious that no surplus could possibly be accumulated from which refunds to policyholders is made, if the 'fund' operated on the basis of charging a net cost rate. It is plain, therefore, that the contemplated minimum rates would be based upon the expense cost of the higher requirements of stock companies and that such rates should be charged by the state fund in order that a surplus could be accumulated. If it were permitted to dictate the minimum rates to be fixed by you as adequate for all types of workmen's compensation in-

surers, obviously it would not be operating on a 'fairly competitive basis' with these insurers.

"The primary question involved is one of law. As distinguished from other laws regulating workmen's compensation insurance rates, our law provides that minimum rates shall be prescribed which all such insurers must charge. This provision is predicated upon the theory that the requirement of 'adequate' rates would assure payment of compensation to the injured workmen. It is for the benefit and protection of workers in industry and other pursuits and is not, as suggested by the fund, for the benefit of employers in industry or for workmen's compensation insurance carriers. It commands that rates be fixed which shall be adequate for all workmen's compensation insurers whether they be organized on a stock company basis or as mutuals, or whether they operate under participating or non-participating plans.

"It would seem that you have sufficient data before you, based upon past experience both in this state and nationwide, which would clearly enable you to establish and fix rates which would generally be deemed adequate for all such workmen's compensation insurance carriers.

"It is, of course, within your discretion, if you deem it advisable, to conduct further hearings to determine the

Answer Cal. Compensation Rate Attack

(CONTINUED FROM PAGE 21)

shall be calculated to return to the underwriter no more than a reasonable profit." He points out that the insurance code prohibits rates "which are less than the rates approved" as adequate. "It is, therefore, in fact a minimum rating law and commonly so-called. Rates higher than the minimum are not forbidden, but competition takes care of that."

Law Safeguards Competition

The opinion continues: "The state compensation fund was established to operate at cost, on the participating plan, and to make certain that such competition would exist as to make it impossible for a stock company or mutual to write such insurance at rates higher than the minimum. The law expressly safeguards this competition by recognizing the right of such insurers to issue participating policies and providing for payment of refunds to policyholders from surplus accruing from premiums collected on such insurance in this state. In several states the laws thereof empower the insurance commissioner to make or approve rates which shall be both 'adequate' and 'reasonable.'"

Further: "The minimum rating law expressly recognizes that the business of stock companies and mutuals shall be transacted through agents, brokers and solicitors. In Section 11742 it is provided that a violation of said Article 2, entitled 'state rate supervision' by any insurance broker, agent or solicitor or by any insurer's employee, is a misdemeanor. This provision was originally contained in Section 602b of the political code. Further recognition of this fact is found in the reference to the legislation proposed by the state compensation in-

surance fund about the year 1917, when the legislature refused to pass an act permitting the state fund to charge rates less than those of stock company or mutual insurers and based upon an expense cost or loading of 14 percent only.

Accepted Method of Business

"The American agency system is a long-established, characteristic, and accepted method of business, nationwide in its scope. It has been the legislative policy of this state to encourage and regulate the business of agents and brokers by enactment of, and repeated amendments to, the agents' qualifications laws * * *. As this agency method of acquiring business has had legislative recognition, it would therefore seem apparent that the basis of the proposal for a reduction of the two items aforementioned in the operating expense of such carriers should be given careful scrutiny and consideration. It is no criterion that the state fund is able to operate at an expense of approximately 14 percent of its premiums, for such insurance as it sells is through salaried employees only." He points out that this operating expense is lowered by the mandatory requirement of the insurance code which requires every public officer to whom the schedule of rates and copies of forms are furnished to fill out and transmit to the manager of the fund applications for insurance in the fund, and that other governmental agencies city and county, school district, irrigation district and other public or quasi-public corporation within the state must insure against its liability for compensation with the state fund.

"To materially reduce 'acquisition' and 'home office' items in the expense or

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Pennsylvania Casualty Company—a financially solid and progressive company—affords these and other benefits. Agency opportunities in your territory. Write today for information.

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adequacy of the items to which specific objection has been raised, but it is my opinion that such hearing as to the proper loading percentage in the rate should be limited to matters proper to a determination as to the adequacy of the expense of doing business on the stock company plan, and that reserves, savings and dividends should be taken into consideration in arriving at such determination."

Further regarding the 40.6 percent loading to which the fund made objection, the opinion says: "It should also be borne in mind that no action has been taken by the legislature to change the loading percentage based upon the higher stock company expense requirement. Furthermore, the history and conditions which prompted the enactment of the minimum rating law and the object to be obtained thereby show that it was intended to safeguard the solvency of stock companies operating on the agency plan."

In his original communication objecting to the 40.6 percent expense loading in the rate, Manager Stirrat said he felt that "7.5 percent of the gross rate instead of 17.5 percent is a most liberal allowance for this (acquisition) purpose" and that "the item of 'home office' overhead could very likely be cut from 7.5 percent to 3 percent" and that in addition to the 8.8 percent reduction proposed by the classification and rating committee of the California inspection rating bureau and subsequently approved by Commissioner Caminetti, that there should be a reduction "to not more than 26.1 percent" or up to a total of 26.8 percent.

R. E. Masterson of the underwriting department of the Fireman's Fund group in the southern California branch office lectured before the senior insurance class of the University of Southern California on "Fundamentals of Casualty Insurance Underwriting." He was substituting for Prof. Charles J. Rockwell, who is confined to the hospital with pneumonia.

New Coverage Needs Emphasized

(CONTINUED FROM PAGE 21)

bility policy is needed to cover such a contingency through insurance.

Mr. Stark was introduced by E. H. Schier, southern Ohio manager American Surety. G. H. Tow, Standard Accident, reporting for the membership committee, stated that it had secured approval of 10 new applications for membership. F. J. Roelle, Fidelity & Deposit, president, announced that the nominating committee would report at the next meeting. Mr. Schier gave the finance committee report.

Many European Farmers Use Hail Rockets

(CONTINUED FROM PAGE 6)

small as to make a broader experience desirable. In order to work with meteorologists a subcommittee for hail research of the international meteorological organization was founded, in which the United States department of agriculture is represented.

An angle of hail insurance that has appealed to the Austrian government is that where there is such insurance the government, in the event of a loss, does not lose the taxes of the farmer who would otherwise be put out of business nor does the government have to extend relief to "hail beggars" who have lost everything. In Switzerland and France, he said, the government subsidizes private hail insurance.

The most hazardous hail region in Europe is in Italy, particularly the Po valley in northeastern Italy. Second, is Bulgaria, while the third most hazardous is Switzerland. Austria ranks fourth, he said. France is particularly vulnerable to hail, especially in the wine sections because of the high values and the great risk of hail storms. In this respect France is similar to the United States, with its high value crops.

Dr. Weiss promoted lectures on hail insurance which were sponsored by insurance companies in agricultural schools so as to wean the younger farmers away from the hail rocket superstition. He also wrote many articles for agricultural papers and spoke at conferences to instruct company agents to give them the latest developments in hail insurance. Posters proved effective in breaking down the farmers' sales resistance and Dr. Weiss hoped to extend this to the point where companies would take motion pictures of hail damage, including the plight of farmers who had been ruined, and supply the films to news reel studios.

Two Ohio Mutuals Merge

CINCINNATI—Merger of Community Casualty of Cincinnati and United Mutual Casualty of Columbus, has been approved by the Ohio department. The enlarged company will be known as Community Mutual Casualty with headquarters in the Union Trust building here. J. C. Weigel continues as president and A. W. Tischler as secretary. H. L. Fox, formerly secretary of United Mutual, is executive vice-president of Community. The company writes automobile insurance in Ohio, where it has 350 agents. United Mutual was organized in 1936 and had \$25,000 assets at the close of 1938. Community Mutual Casualty was organized in 1937.

State Farm Denied Ohio License

COLUMBUS—The Ohio department has refused to license the State Farm Mutual Automobile of Bloomington, Ill., on the ground that the name is similar to names of like companies in the United States and especially in Ohio and because a contract which the company has with Mutual Agency, Inc., is contrary to principles laid down by the Ohio supreme court.

Careful Inspections on Open Stock Burglary Needed

Speaking before the Casualty Engineers Association of Chicago, Walter Klein, underwriter Standard Accident, Chicago, said the value of a complete and accurate inspection report is often overlooked. Discussing the information which the underwriter desires from the inspector on open stock burglary insurance he stated that three important features are taken into consideration in passing upon the desirability of specific risks.

(1) The moral and financial status of the applicant.

"Under this feature we must have the name of the applicant correctly spelled and legibly written," he said, and a full and complete description of the prospective assured's merchandise. This is important in view of the fact that merchandise other than that usually carried may affect the premium for this coverage. In regard to the approximate value of the assured's stock, no company likes at the time a loss occurs to inform its policy holder that he is underinsured and consequently is a coinsurer.

"The amount which the prospective assured must carry in order to be fully insured depends upon the value of merchandise on hand, the coinsurance percentage and the coinsurance limit. It is also necessary and important that the applicant keep an accurate record of goods on hand in order that in the event

WANTED

Young man, intelligent, with good education and underwriting knowledge of insurance and suretyship fundamentals. Able to write effective business letters; good at figures and details. Position in office of successful Chicago brokerage firm, requires study and willingness to learn. State education, experience, religion and salary you have been receiving. ADDRESS L-9, The National Underwriter, 175 West Jackson Blvd., Chicago.

WANTED

Home Office Claim Examiner to supervise Casualty Claims. Midwest Company. Apply promptly giving complete qualifications and salary desired. Address L-2, The National Underwriter, 175 W. Jackson Blvd., Chicago.

WANTED

Adjuster on General Casualty and Automobile for Local Agency with over \$200,000 volume. Located central part of Michigan. Write, giving age, experience and salary desired. ADDRESS L-6, The National Underwriter, 175 W. Jackson Blvd., Chicago.

POSITION DESIRED

Position desired as field man for casualty company. Illinois preferred. Sixteen year's experience specializing mostly in automobile insurance. Wide acquaintance, some following. ADDRESS L-7, The National Underwriter, 175 W. Jackson Blvd., Chicago.

Chief Casualty Underwriter Wanted

By growing Chicago branch office. Must be thoroughly versed all auto coverages, compensation, liability, burglary, holdup, plate glass. Write, giving complete details. Address L-10, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

SITUATION WANTED

Investigator or Adjuster. Man 37 years of age, Irish and German extraction, six feet, 180 lbs., good appearance. Grammar, high school and two years law education. Ten years' experience in utilities, one year taxicab, three years with insurance companies. Address L-8 The National Underwriter, 175 W. Jackson Blvd., Chicago.



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Indemnity Company's Drive in High Gear



A blinking traffic light is used by Indemnity of North America to dramatize the speed and drive of the "20-40-60" campaign marking the 20th anniversary of the founding of the company.

Executive Vice-president John A. Diemand scans broadside describing the campaign while Vice-president Benjamin Rush, Jr., (right) director of the campaign, looks over his shoulder.

The campaign will close Dec. 31. It is divided into five two-month periods, in each one of which certain forms of business will be featured. Literature and sales helps are forwarded contestants at the proper time.

An unlimited number of prizes may be won by the entrants, awards being made on a system which credits 10 merits for each \$10 worth of increased premium income in 1940 over the same period of 1939.

Additional merits are awarded for new business. Also, special bonus merits may be earned for the securing

of business in certain lines in the contest period in which they may be featured. The first period, for example, January and February, 1940, features accident and health.

In the period, March-April, general liability will be the featured line, automobile liability and property damage in May and June; July and August will have no featured business. September and October will feature burglary, and fidelity will be the featured line in November and December.

The winning agents will be awarded a trip to Atlantic City and a two-day stay at a beach front hotel. A "Leading Producers" get-together will be held at the resort, with the agents and officials of Indemnity of North America meeting and exchanging ideas. The grand prize winners will also have the opportunity of stopping off in Philadelphia, visiting the home office, and making a tour of the famous historic shrines.

of a loss the company may accurately determine the extent of the loss."

"(2) The class of neighborhood in which the risk is located and the purpose for which the building in which the assured's premises are located is used.

"This applies to occupancies other than the assured's in order to determine the immediate surroundings; detailed information regarding other insurance carried and also whether the assured has ever sustained a loss as the result of burglary, robbery, theft or larceny; also whether any company has ever cancelled or declined to renew or write this type of coverage for the applicant.

"(3) The physical condition of the applicant's premises in regard to protection on accessible openings into the premises.

"In regard to accessible openings into the premises full information should be given relative to the location, type, condition and protection afforded each window, door, transom, coal chute and skylight. Specified credits are allowed for burglar alarm systems approved by the burglary department of the National Bureau on which the applicant holds an unexpired Underwriters Laboratories certificate.

Complete Information Needed

"In each instance where the premises are equipped with burglar alarm protection complete information regarding the installation and class should be obtained. The certificate number assigned to the insured's alarm should also be obtained.

Relative to risks other than those on which companies require alarm systems there is somewhat of a standardization regarding protection required by risks in trade groups 1 and 2, 3 and 4 and 5 and 6. It is difficult, however, to say that the same recommendations will be applicable to two different risks located in different parts of the city. This is due to the fact that because of neighborhood, local surroundings and construction of the building in which the assured's premises are located, one risk may be written with few or no recommendations whereas the other would require the application of iron work to make it insurable.

"When inspecting open stock risks the inspector should put himself into the place of an individual who may be interested in gaining access to the applicant's premises and also in the position of the underwriter whose duty it is to pass upon the desirability of a risk as seen through the eyes of the inspector."

Will Meet in Atlantic City

The governors of the Federation of Insurance Counsel have selected its dates for its annual meeting, being Sept. 5-7. The Federation has engaged accommodations at the Traymore Hotel, Atlantic City, N. J., which has been selected as the meeting place. John A. Millener of Rochester, N. Y., is the secretary.

The *Trinity Universal* has been licensed to write casualty insurance in Oklahoma.



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All-Risk Liability Project Is Discussed

(CONTINUED FROM PAGE 21)

be satisfied until we have a policy which enables us to say to the insured that he need no longer worry about liability, that henceforward he need worry only about the cost of his insurance, that he can control the cost of his insurance by preventing accidents, and that successful accident prevention effort will immediately reduce his premiums. Until we have such a policy and can say those things to the insured, liability insurance will not perform what I believe to be its major function—the prevention of accidents, which add not only to the cost of the insured's protection but to the sum total of human suffering."

Urging the necessity of stabilization, Mr. Sawyer said that complete uniformity of contract provisions and of rates is not indispensable, that freedom for reasonable experimentation is desirable but that stabilization of the scope of the insurance and of the practice of rating, auditing and collecting premiums is essential if thoroughly unsatisfactory conditions are to be prevented. He said he was mentioning the desirability of stabilization to Risk Research Institute members, who are insurance buyers of corporations, because their primary concern in the purchase of insurance is security and hence they are vitally interested in the maintenance of adequate rates, and second they are aware of what damage can be done to a progressive movement in insurance if through unwarranted zeal insurers move too rapidly and meet with serious reverses.

Cites Stabilization Points

Taking specifically the points on which there should be stabilization he said:

"We should stabilize the scope of the insurance for the time being on the basis of the covers which are now included, leaving products liability and property damage liability optional until we can find a way to include them upon a basis sufficiently attractive to the insured to induce him to pay a reasonable additional premium for the complete liability protection.

"The policy should contain a provision requiring the insured to give the insurer notice of new hazards, such as the acquisition of new premises, the undertaking of new operations, or the installation of new elevators. This notice should not be a condition precedent to coverage. It is a disservice to the insured to relieve him of this responsibility because without it the carrier cannot provide the inspection service to which the insured is entitled.

Avoiding Unjust Claims

"The coverage should be limited to injuries 'caused by accident' unless the insured is willing to pay for a broader protection. All available statistics have been derived from experience under policies written on that basis. There is no present impelling reason for the adoption of a policy provision which by the ingenuity of claimants, may possibly be made the basis for unwarranted recoveries.

"Because of the complexity of automobile liability insurance rating, we should be careful that we do not discard necessary refinements until we have adequate alternative methods of preserving these refinements or an adequate substitute plan. It is most essential that the automobile practices be stabilized.

Stabilizing Other Provisions

"The other insurance provisions should be stabilized. Because full manual premiums are charged there seems to be no adequate reason for not providing insurance upon the same basis on which it would be provided under the standard practices. That would, except for certain automobile covers, be underlying coverage participating with other applicable insurance. If credit is given the insured in the premium computation for existing insurance it would be fair to permit the policy to operate as excess

insurance for the difference in the limits of liability in the policies.

For example, such a policy is issued with limits of \$10,000/\$20,000. In the premium computation credit is given the insured for an existing owners', landlords' and tenants' liability policy covering one location. That policy has six months to run and the limits of liability are \$5,000/\$10,000. Thereafter two judgments are rendered against the insured. The first judgment is for \$10,000 and arises out of an automobile accident. The insured's liability is also covered by the insurance subject likewise to limits of \$10,000/\$20,000.

Share of Each Cover

"The automobile policy and the insured's policy should contribute in equal amounts because both covers are underlying insurance. The second judgment is for \$15,000 and arises out of a hazard covered by the existing O. L. & T. liability policy for which the insured received a premium credit. The O. L. & T. policy would cover \$5,000 of the judgment. The insured's comprehensive policy should assume \$5,000, thus giving the insured the same insurance he would have had under the comprehensive policy if the O. L. & T. policy had not been in force.

"This method of handling other insurance not only permits the automatic coverage of the policy upon expiration of existing insurance, but permits the insurance to apply on the basis contemplated by the rates charged for the insurance integrated in the broader contract.

"The bases on which premium may be collected can and often will differ materially from the bases on which the initial premium is charged, because of changes in hazard during the policy period. It is essential that the policy explain to the insured as clearly as possible precisely how premium is to be computed. The premium provision of the policy should be explicit and should define all the premium bases which may apply insofar as it is reasonably possible to do so.

Description of Hazards

"The policy should contain a complete description of all the hazards existing at the inception of the policy and should mention hazards contemplated by the insured during the policy period. This can be accomplished by declarations which are substantially a copy of the application. Not only will this fully advise the insured with respect to the premium he has paid and will be required to pay upon expiration, but it will be an effective guard against unfairly discriminatory practices.

"The application and the audit procedure should be uniform. It is necessary that a complete disclosure of all hazards be made by the insured before the policy is issued. It is equally important that upon expiration of the policy a careful audit be made to determine what additional hazards have existed during the period. Obviously an insurer cannot afford to make a proper survey and an adequate audit for a policy on which the premium is small. Therefore, the minimum size of the risk which qualifies for the comprehensive policy should be stabilized at an amount which justifies such survey and audit.

"There are, of course, other points upon which stabilization is desirable but stabilization on those I have mentioned would go far towards creating a satisfactory condition during the transition. It is difficult to see how any state insurance department, charged with the duty of rate supervision, could require a lesser degree of stabilization."

Outlining the various forms of available all-risk policies, including the schedule policy setting forth the separate covers and the comprehensive policy, which is the closest approach to all-risk coverage, Mr. Sawyer said that it seems probable

that the comprehensive policy in one form or another will be used extensively during the next few years. He expressed the belief that the carriers would do well to stabilize the broader cover temporarily on some such basis while they obtain the experience necessary to improve it. Before they can go much farther on the way toward all-risk liability insurance the rating problems must be solved, he said.

Mr. Sawyer pointed out that the rating problems stem primarily from the theories of severability and selectivity of the separate liability covers.

"Because each separate cover was exclusive of all other covers, it has been subject to individual treatment," he said. "Different rules and different rates bases apply. Under the theory of selectivity the insured determines the covers he needs. This has resulted in what we call adverse selection. Because covers have been bought by insureds who anticipated losses, the experience under some covers does not fairly indicate the result to be expected if the covers were purchased more generally.

"Bodily injury liability insurance has been written generally for all covers except products liability. Property damage liability has been written generally only for automobiles. Therefore, we find that the rates for products liability are not such as appeal to the insured who has little exposure to loss from that source and the same is true with respect to property damage liability. We would expect, therefore, to find that the first step toward the all-risk liability policy would encounter difficulty with products liability and property damage liability because of these rating difficulties. That is precisely the situation."

Pacific Coast Type

Describing the broader covers, called comprehensive liability, which he said have become general in the last year in the Pacific Coast states, Mr. Sawyer said that while there are various types of policies in use there, the scope of the insurance is fairly uniform. The principal features are a bodily injury insuring clause broad enough to include all liability; an automobile property damage cover which is optional with the insured, all other property damage liability being obtainable by endorsement when desired; products liability excluded and added by endorsement when desired, though sometimes included in the policy and excluded by endorsement when not desired; exclusion of contractual liability except that assumed under enumerated types of contracts, such as spur-track agreements, lease agreements and elevator and escalator maintenance agreements.

Coverage is excess over other insurance except that if credit has been given in premium computation for existing insurance the policy applies only to the extent of the difference in limits. Neither the application nor comprehensive declarations are made a part of the policies. Coverage is not limited to injuries "caused by accident" (in some policies). Liability for sickness and disease is specifically included, also assaults. Premium charged in the aggregate of manual premiums for each of the hazards existing as modified and augmented by audit at the end of the policy period to include changes in the insured hazards during the policy period.

Verge on All-Risk

"It will be seen that except for the excluded coverages, these policies go a long way toward the all-risk contract, and that the excluded coverages are those for which we have no satisfactory rating plan," Mr. Sawyer commented. "This difficulty is being met at present by treating the products liability and property damage liability as optional covers. You will also observe that in this policy contractual liability on a blanket basis is regarded as not properly insurable; and that the policy covers only liability assumed under enumerated types of contract.

"This is because the assumption of liability by contract is a matter wholly in

the control of the insured and lacks, therefore, certain elements of insurability. The carriers are willing to cover automatically certain contracts which possess some degree of standardization. Liability under contracts not within the specified types is covered by endorsement. By the use of a broad insuring clause and exclusions of specific hazards automobile insurance, applicable to all automobiles, may be, and in the majority of policies I have seen, is left within the coverage of the policy.

Covering Unknown Hazard

"In the same manner the policy covers the so-called unknown hazard. A percentage of the aggregate premiums, often 1 percent, is added to the premium for the unknown hazard. By the use of this name we certainly do not mean either specific insurances covered under or excluded from liability policies or other policies because those hazards are known. In our regular liability contract we cover the liability of the insured arising out of his premises, his business operations on the premises, and operations on and away from his premises which are 'necessary and incidental' to the operations on the premises.

"This limitation does not appear in the broader policies. Under the ordinary liability policy covering a manufacturer, an insurer might not consider the promotion of boxing bouts as a form of advertising necessary and incidental to the business operations of the insured. Under many of the broader policies which we are discussing liability arising out of the boxing bouts would be covered. I think this type of liability is largely what we mean by the unknown hazard."

Iowa Safety Body Refuses to Permit Use of Reports

DES MOINES—The Iowa traffic safety council is criticizing the use of accident reports by insurance adjusters and has denied them use of what it calls "confidential reports."

The safety council, attempting to promote a program of accident reporting, claims that motorists usually are unwilling to make comprehensive reports if insurance men are permitted to use the reports in court.

Under the new motor vehicle laws, the statute states that "a written report filed with the safety department should not be admissible in or used in evidence in any civil case arising out of the facts on which the report is based."

Insurance adjusters contend that although the safety department's report is intended as confidential, that other reports made to police departments and county sheriff's office are not in the same classification and are open records.

Although the safety council criticizes adjusters on using the reports, at the same time members voted to adopt a pamphlet issued by the National Association of Insurance Agents promoting accident reporting.

Air Conditioners Rated in Machinery Manual

NEW YORK—The National Bureau of Casualty & Surety Underwriters has revised the boiler and machinery manual, showing special rates in classification for air conditioners for the first time. Previously they were rated as either refrigerating machines or miscellaneous machines, with separate rating of the different objects which are part of an air conditioning unit necessary.

There are five rate groups of air conditioners as regards object charges, based upon the capacity of all compressor motors. A table for deductible liability in connection with air conditioners is published, as well as rating rules for use and occupancy, consequential damage and outage in connection with air conditioners.

The annual election of the Pittsburgh Casualty Claims Association will be held Feb. 5.

POINTERS FOR LOCAL AGENTS

Prospective Earnings Cover Urgently Needed Today

High speed production in manufacturing plants and rapid turnover in mercantile establishments today clearly indicate that earnings value of any business lies increasingly more in production and sales and correspondingly less in capital investments in real or personal property. T. K. Pfafflin, Chicago, manager service department Home of New York, told the Credit Women's Club of the Chicago Association of Credit Men at a meeting. Purchase of use and occupancy insurance, therefore, is perhaps more important than ever in the history of American business.

What a business earns is as important to its existence as what it has, he said. When this is understood, business management will be just as eager to protect its prospective earnings as the physical values.

May Bring Real Disaster

"The fact is that unless both property damage and prospective earnings insurance against all possible perils is carried, severe financial disasters result," Mr. Pfafflin said. Investigations as to whether or not those concerned with whom you do business are properly covered by insurance should be included in the surveys which you conduct with others. This not only protects your dealings with them, but will also give clues to the soundness of their management.

"An investigation disclosed that only 34 percent of the manufacturers and 38 percent of the wholesalers made it a regular and systematic habit to inquire or suggest that those with whom they are doing credit business protect themselves by adequate insurance as a means of stabilizing their credit position.

"A survey conducted by a large iron safe company showed these facts about the credit standing of a large number of risks involved in serious fires: 43 percent never resumed business, 17 percent could not furnish a statement after loss, 14 percent suffered reduction in credit standing of from 30 percent to 66 2/3 percent. The other 26 percent were strong enough to be unaffected from a credit standpoint, but suffered severe losses in their capital structure. The last chapter of an inadequately insured loss has been the foreclosure, court litigation and a sheriff's sale.

Cites Missouri Failure

"A large chandelier factory in Missouri has been in business for 30 years. They had an explosion in the basement with \$86,000 property damage loss for which they were insured. They had continuing expenses and loss of net profit of \$124,000. They continued in business with impaired credit for about three years and then liquidated for about 10 cents on the dollar."

Use and occupancy or "future prospective earnings," insurance, or "business interruption insurance," as it is generally known today, if properly written, will run a business by producing income which the assured is denied by the hazards of the occurring loss, Mr. Pfafflin said. This income is that against which is charged all the operating expenses and which produces a profit.

"Such insurance is a direct benefit to both the assured and their creditors in

that it insures the payment of unavoidable and continuing expenses as well as profits in the event of interruption of the business and consequent loss of earnings. This class of insurance is being covered in increased amounts by more and more concerns and is purchased by the largest corporations in the country, including the leading automobile dealers and other industrial concerns, also utilities and mercantiles.

Performs Essential Function

"If this class of coverage is properly written, and a loss by fire, lightning, tornado, hail, explosion, riot, riot attending a strike, smoke, aircraft and vehicle property damage occurs, the coverage of such a policy contract will put the financial condition of the concern in the same condition as it would have been had no loss occurred up to the time which with due diligence and dispatch the property can be placed back in tenable or operative condition. Without this class of coverage, many large manufacturing or mercantile risks are unable to continue in business after disastrous losses have destroyed their property although they have collected the full amount of their property damage loss.

"The lack of insurance on prospective earnings causes disorganization of the business on account of heavy expenses necessary to pay interest, taxes, rents, advertising contracts and many other overhead expenses necessary to keep the organization together. All of these which cannot be eliminated will cause a loss which the assured without proper economic protection cannot bear. They cannot keep their product or business before the public eye and cannot keep their credit intact.

"The amount of fire and allied forms of property damage insurance written today is evidence enough that very few institutions set up a reserve for building

machinery for stocks that may be destroyed as a result of the hazards against which insurance is purchased. The undistributed profits tax laws are such that concerns cannot without being subject to that tax accumulate a sufficient reserve to cover themselves against loss of prospective earnings.

"Another interesting phase of this type of insurance is that which we call contingent use and occupancy. If one concern supplies goods or materials of any nature whatsoever to another concern, the loss of the first described property would produce a contingent loss on the second property, for if the second property were not able to obtain materials from the first property, they would have a consequential loss of earnings. It is also possible to write contingent use and occupancy insurance on the power plant which is supplying the power, heat or light to any manufacturing or mercantile concern."

Terms Earnings Main Item

Mr. Pfafflin said many assured believe such insurance is just as essential as property damage coverage on buildings and contents. Business is undertaken for only one purpose—earnings; therefore from a commercial or manufacturing standpoint the most important item in the operation is earnings, and consequently profits.

This coverage would be written on a much greater scale if there were not a misunderstanding about it and it were not an intangible type of insurance dealing with something prospective. Well established businesses as a rule are able to forecast their prospective earnings with reasonable accuracy. Other types of concerns of pioneering nature, such as the many breweries and distilleries established in the recent past, have greater difficulty determining what future earnings will be.

In any event, Mr. Pfafflin said, it is always possible to revise the amounts of insurance which are carried. Recently, new business interruption forms have been developed which better meet the needs of mercantile concerns among which they are more applicable than anything developed in the past.

Survey Beneficial Both to Agent and Assured

Casualty insurance surveys have seven definite benefits to the agents using them. W. A. Boone, agency supervisor Aetna Casualty, Philadelphia, declared in a talk at the South Jersey Rural Agents Forum held at Clinton, N. J.

"The survey develops a desirable class of business from a commission angle," he said. "The results of our company show that almost 50 percent of new business developed from surveys is made up of burglary, plate glass, liability, fidelity bonds, combination residence and water damage. The agent's familiarity with the risk is the result of a survey and enables him more effectively to sell new and renewal business. It is a definite aid in holding renewals since the agent has actually demonstrated his knowledge and ability to handle the line.

"The survey provides the agent with an extensive expiration list. The use of the survey sets up a new field of prospects in that the agent can contact prospective assured on the basis of a survey where it would be practically impossible

to solicit a single line. The survey is of a very important educational value to an agent, since by the use of this method his knowledge of insurance contracts increases and at the same time he becomes entirely acquainted with the policies and methods of his competitors. The use of the survey ultimately increases the agent's prestige in his community in that he is looked upon as being a qualified insurance counsellor."

There are eight principal benefits to the assured through use of the survey plan:

Eight Benefits to Assured

- "1. A complete and concise record of his existing insurance and an attractive and permanent binder.
- "2. A complete record of his premium distribution by months.
- "3. A report in his language setting forth a complete picture of every insurable hazard which he or his business has. This obviously includes an analysis of his business operations as they affect his insurance requirements.
- "4. An analysis of his existing insur-

ance, paying particular attention to accuracy of rates, policy forms, classifications, warranties, endorsements, etc.

"5. A comprehensive report of exactly how well his existing insurance meets his current requirements with suggestions as to adequacy of insurance, broadness of coverage, coordination of allied policies and coverages and elimination of unnecessary forms of insurance.

"6. Recommendation for important forms of insurance which are not now carried.

Resurveys of Great Value

"7. The quarterly, semi-annual or annual resurvey of his requirements with the recommendation to change insurance to meet those varying needs. This would also include a report indicating new and improved types of policy forms, rate changes and the effect of new legislation.

"8. One informed person (the agent) who knows his insurance requirements better than the assured himself. In other words, the agent who prepares the survey has such an intimate knowledge of the requirements of this risk that he, in effect, can be looked upon by the assured as his 'expert buyer' of insurance."

Mr. Boone said these points serve to answer the three outstanding questions which present themselves to an agent concerning the use of survey plans. These questions are whether the survey is really a valuable service to his existing clients and for prospective assured, whether the survey could be made to be a real commission producer for his agency, and what steps the agent should take, if the survey is both valuable to assured and a money maker for him, to make an intelligent worth while survey.

Proof of Commission Value

On the question of commission value, he said, in 1938 surveys made at 14 Aetna Casualty branch offices produced over \$600,000 new premiums, bringing approximately \$120,000 commissions to agents. Through use of the survey, he said, the agent is placed in the position of being able to solicit and obtain an entire account instead of only one or a few lines. The assured's appreciation for this survey inevitably causes him to repay the agent with a substantial amount of business.

Mr. Boone recommended using the pre-approach method prior to contacting the assured on the subject of a survey. Under this plan the agent can in advance familiarize himself with many of his assured's requirements, thus enabling him to explain his plan more intelligently.

Helps Toward Understanding

A logical presentation of the survey idea in the interview enhances the agent's chances of making it a profitable survey and helps to arrive at an understanding with the prospective client as to what business the agent expects from the completed survey.

Mr. Boone said an agent who uses the survey plan should have available the various manuals provided for the different lines of insurance, and in addition some valuable reference work such as, he said, the "Fire, Casualty & Surety Bulletins," published by THE NATIONAL UNDERWRITER, and other survey material provided by some companies.

People usually don't stop a salesman who talks over their heads, but after he is through they usually say they are not interested.

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Consolidation Plan Is Proposed by O'Toole in St. Louis

ST. LOUIS—A plan to consolidate all fire and casualty insurance organizations in St. Louis into one large insurance body was presented officially at the annual meeting of the St. Louis Board.

President John J. O'Toole, who was reelected for another term, said that the proposed consolidation had been approved by other insurance bodies and that it may be worked out in the very near future. He said he approached William Eichers, president Associated Fire Agents & Brokers of St. Louis on the idea and the response has been very gratifying. A contact joint committee was named and progress has been made. The two organizations co-operated with Superintendent Lucas in passing on applicants for licenses as insurance brokers.

Up until about 10 or 15 years ago about 75 to 80 percent of the average agency's income was derived from its fire business but now 75 percent is from casualty and bond business, Mr. O'Toole stated. "Therefore, we are casualty men, overlooking this changed condition and still trying to control the short end of our business." He then pointed to the need for some sort of control over the ethics of agents in writing lines other than fire.

Under the proposed plan present organizations would operate as units of the main body and unit heads would form the executive committee which in turn would elect officers.

Middleman in Peril, Wiseman Declares

"Cooperate for profit—not for paralysis," Jerome Van Wiseman, director of public relations and publications National Association of Insurance Agents, told the Omaha Retail Grocers Association at its annual convention. Retail grocers, insurance agents and all other middlemen today face the most dangerous crisis in their history, he said.

"If he likes it or not, he is about to enter a battle for his very existence," Mr. Wiseman said about the middle man. "He is confronted with perils, the presence of which often he is not aware, the extent of which he does not dream."

"The danger is that we are confronted today by a totalitarian attack on the way of life which we call the American way. By totalitarian I do not mean to infer that it necessarily is coming from any given totalitarian state abroad, but I do mean that it is a total attack on our American philosophy, our American government, our American business system and on our time tested and age honored tradition of democratic existence. We in the middle are target No. 1."

Theory of Government Now

The motive behind the attack, he said, is that there is a belief in certain quarters that a single political agency best can direct the entire life of the nation; that society owes man a living regardless of his own efforts.

The American way of life, he said, "is a doctrine of self-reliance in an atmosphere of liberty." This is called the profit motive in business, or more properly, the profit and loss motive.

Mr. Wiseman took exception to the criticism of use of the word "coopera-

tion" in connection with the activities of middlemen. He said that to abandon use of the most constructive word in the English language merely because it has become identified with "consumer-cooperative" would be ridiculous.

"Let's use it," he concluded. "Cooperation in terms of American business means creation, and not elimination. Rather let us eliminate those who would prostitute the word."

Mr. Wiseman said the federal government not only invades business but contributes largely and powerfully to the theory and practice of the consumer-cooperative, and the latter represents probably the most direct assistance furnished the government in furthering its non-profit ownership plans. He said the consumer-cooperative would lose its life if the middleman were eliminated. In totalitarian states, he said, dictatorship did not long tolerate the rising power of the organized consumer but simply took over such cooperatives along with every other national life force. Only financial, moral and social paralysis would follow the putting into execution of the panaceas which have been advanced by economic theorists, Mr. Wiseman concluded.

Region 6 Institute Program Announced

An elaborate program has been prepared for the Region 6 Institute of the Illinois Association of Insurance Agents to be held at the Elks Club, Belleville, Ill., Feb. 15. The major theme is: "Are We Vulnerable?" The program has been devised to stimulate interest of southern Illinois agents in these phases of their business:

How to design a more effective advertising campaign. How to improve sales technique. The responsibility of insurance salesmen in connection with recent Illinois legislative activities affecting insurance. How an agent can improve his methods of keeping abreast with the business.

An innovation will be distribution of a portfolio of "Pertinent Pointers for Insurance Sellers," which is a collection of ideas concerning many phases of the business, with contributions from a number of companies and special agents.

Another outstanding feature will be a number of two hour luncheon forums. Those scheduled on various subjects are:

Subjects in Luncheon Forums

What's new in the casualty business, the Illinois insurance code, the surety forum, combating mutual and reciprocal competition, 1940 farm insurance problems, how to keep office overhead under control, recent trends inland marine-wise, and special fire forms and coverages.

Co-chairmen who will help to direct the luncheon forums are: R. T. Nelson, chief deputy Illinois department; Elmer E. Sanderson, W. A. Alexander & Co., Chicago; Wallace Rodgers, assistant secretary Western Underwriters Association; W. H. Jennings, Jr., Rockford, board chairman Illinois association; Lyle H. Gift, president Illinois association, Peoria; George A. Loud, manager casualty department Massachusetts Bonding, St. Louis; C. F. Daniels, Chicago, state agent Norwich Union Fire; Oscar Weber, Belleville, Ill., agent, and T. E. Dowling, East St. Louis agent.

A number of other co-chairmen later will be named in connection with the luncheon meeting. Two New York insurance authorities are expected to be

on the program, giving addresses and serving as co-chairmen in the forum.

The institute is being conducted under supervision of Ralph C. Niemeyer, regional vice-president, Belleville, and Dudley F. Giberson, Alton, executive vice-president Illinois association. Max G. Ziebold, East St. Louis agent, is chairman of the registration committee, a post that he also filled last year.

Reverberations from Marlborough Fire

MINNEAPOLIS—Dick Daniels, a former pugilist, has brought suit for \$50,000 against D. Henry Janis, owner of the Marlborough Hotel here, which was destroyed by fire recently with a loss of many lives. Also named as defendant was the Minneapolis Gas Company, on the theory that its mains were leaking, causing gas to permeate the building, thus resulting in the fire. Janis carried an O.L.&T. policy in amounts of \$5,000/10,000. Marlborough Hotel was built in three sections with a brick fire wall between sections 1 and 2 and 2 and 3. The only openings in this wall were on the first floor and in the basement. There seems to be no indication that there was fire in the center section of the basement where the heating plant was located and it seems definite that there was no fire in the boiler room. Accordingly the theory is advanced that the fire must have started on the first floor in order to have spread to the three sections.

Had Been Inspected Regularly

Marlborough Hotel had been inspected regularly by the inspection bureaus and Janis was willing to make alterations or changes when requested. The building was in a good state of repair despite the fact that it was 50 years old.

There was another apartment house fire in Minneapolis the other day that might have been much more serious. It was the Spruce Villa at 1365 Spruce place. The fire originated in the basement in the vicinity of a boiler room and was discovered immediately by the janitor. Although the nearest fire department is three blocks away, the fire got out of control and resulted in the almost total destruction of the whole rear section. One fireman was killed and six were injured.

This building was about 30 years old and some believe that if the fire had started in the middle of the night, as it did in the Marlborough, there would have been serious loss of life. Insurance on the Spruce Villa was \$40,000, all in stock companies. Main & Baker are handling the adjustments in this case as they are in the Marlborough Hotel loss.

Cincinnati Agents' Annual Meeting

CINCINNATI—At the meeting of the Cincinnati Fire Underwriters Association, the Home Federal Savings & Loan Association of that city went on record as insisting on extended coverage for all new and renewal loans, written through the local agents. George Wilson of the Leiding agency made the announcement. He read a letter from Executive Vice-president Paul Westerfield of the loan company, endorsing the extended coverage feature saying that the Home Federal Savings believes in extending to the agents its cooperation in the conduct of the business which properly belongs to the agents. He said neither his organization nor

any of its employees is engaged in insurance in any way.

T. M. Geoghegan, the retiring president, T. T. Bryant and T. W. Earls were elected members of the governing board. President Geoghegan in his report said there had been a material improvement noticed in eliminating unqualified solicitors, particularly those who had been licensed to write the business of themselves and their employers. The state insurance department requalification program, he added, has had a marked effect. He predicted that the proposed agency license law as set forth by the National Association of Insurance Agents will not be adopted by the states. Secretary J. F. Schweer, entering his 20th year in that office, reported the membership of 91 agencies and 747 solicitors.

Indiana Companies Query Premium Tax

INDIANAPOLIS—Twelve Indiana fire companies have asked Judge Cox of the Marion county circuit court to interpret the state law under which they have been required to pay a premium tax. It is set out in the complaint that all attorneys-general, except the present incumbent, O. S. Jackson, have held that domestic insurance companies writing fire insurance were not subject to the premium tax, first imposed in 1913. While the original law stated that "all insurance companies" were subject to the tax, attorneys-general held that it did not affect domestic corporations.

The first enactment fixed a maximum of \$17,500 as a yearly tax on each company, the money to be paid to the state fire marshal's fund. The law was amended in 1917, providing a tax of .5 of 1 percent on all net premiums and the rate was changed to ¾ of 1 percent of gross income by the 1937 legislature. The present attorney-general rendered an opinion in 1937, which he reiterated Nov. 17, 1939, that domestic companies were subject to this tax. The companies paid the tax for 1938 and for the first half of 1939 under protest and now ask for a refund of these amounts.

Insurance Short Course Is Backed by Illinois Agents

An intensive short course in insurance subjects will be held March 28-30 in 114 Commerce building, University of Illinois, Urbana, Ill., sponsored by the school of commerce of the university and the Illinois Association of Insurance Agents. For the agents, Wade Fetzer, Jr., chairman educational and public relations committee, is handling arrangements for the course. Members of his committee assisting are Lyle H. Gift, president Illinois association; W. H. Jennings, Jr., Rockford, past president; W. Herbert Stewart, Chicago; H. H. Monier, Aurora, and Dudley E. Giberson, Alton.

Lecturers not only will be furnished by the university but will be selected also from the insurance business. The curriculum will cover a wide range of fire, casualty, surety, marine and other subjects.

Kansas Agents' Meeting Set for Oct. 9-10 in Hutchinson

TOPEKA—The first executive committee meeting of '40 of the Kansas Association of Insurance Agents developed into a four-day session. Chairman Alex Case of Marion presided and all members were present. Dates for the annual meeting were tentatively set for Oct. 9-10 and the invitation of Hutchinson was accepted. A mid-year meeting

is to be held in Wichita in April the day preceding the mid-year meeting of the National Association of Insurance Agents April 22-25. A series of zone Business Development meetings will be held prior to the mid-year meeting.

Educational booths and exhibits are to be set up at both the Kansas Free Fair in Topeka and Hutchinson State Fair in Hutchinson in September, to publicize stock insurance. Reports on the first insurance school, to be held at the University of Kansas early in June were given by Chairman H. J. Weltmer, Jr., of Hiawatha. Complete details are to be released soon.

Volume of Corn Sealing Exceeds Expectation

DES MOINES—Corn sealing under the federal loan plan, has exceeded all expectations, both on resealing and on the 1939 crop, with the result that insurance certificates have been streaming in large numbers from the local agents.

Although the corn loan program on the 1939 crop was not put under way until late in December, the state A.A.A. office estimates that 72 million bushels has already been sealed and this represents not more than half the potential amount to be placed under seal, according to the administrators.

A total of 140 million bushels would be the largest volume since the program was originated in 1933 when 129 million bushels were sealed in Iowa. The amount sealed last year was about 115 million bushels.

The state A.A.A. committee announced that a total of 91½ million bushels of old corn had been resealed in the state exceeding earlier estimates that approximately 70 million bushels would be resealed.

Rockford, Ill., Agents Plan Annual Insurance Day

The annual insurance day of the Rockford Board of Fire, Casualty & Surety Underwriters will be held Feb. 7 at the Nelson Hotel in that city. All insurance men in the state are invited to attend. The affair will start about 3 p. m. with a showing of an Underwriters Laboratories picture with a talk by a laboratories official. Reuben

Cohn of the Illinois department of public works will talk on the new Illinois truck act. A social period of about 1½ hours will follow before the annual dinner will be held.

Allen Sparks, board president, will preside at the dinner, at which Spencer Welton, vice-president Massachusetts Bonding, will speak, his subject being "Why Buy Insurance from the Local Agent." Last year at the insurance day Ross E. Coffin, then president Indiana Association of Insurance Agents, Indianapolis, discussed this same subject from the standpoint of the agents.

America Fore's Field Men in Central West Gather

America Fore field men from 18 states under jurisdiction of the western department at Chicago, held a two day annual meeting there this week with a number of officials on from the head office. E. A. Henne, vice-president in charge of the western department, presided. Those present from New York included: C. W. Pierce, vice-president, and A. H. Derbyshire, W. H. Griffith and De Mott Belcher, assistant secretaries. A dinner was held Tuesday night with Mr. Henne as toastmaster. Field problems of this year and business production plans were discussed.

Opens New Salina Office

The Underwriters Adjusting is opening a second Kansas office at Salina to handle north central and northwestern Kansas with Fred May as manager and J. E. Nelson as staff adjuster. Mr. May has had more than ten years experience, starting at Springfield, Mo., and for five years has been staff adjuster in Wichita under Manager C. C. Crow. He is a member of the Sunflower puddle of the Blue Goose. Mr. Nelson is transferred from the Kansas City office.

Install New St. Louis Officers

ST. LOUIS—At the annual installation banquet of the Associated Fire Insurance Agents & Brokers, George S. Metcalfe, secretary Strotzman & Strotzman, was inducted as the 1940 president.

Other officers are: First vice-president, William Rodiek, Jr.; treasurer, Robert E. Doerflinger; secretary, John C. Greulich.

Directors, in addition to officers, are: Frank Altmayer, Calvin H. Bowersox, Eugene Brinkop, William F. Duerbeck, Oscar W. Earickson, Sr., William H. Finke, Albert F. Groehl, William Haase, C. M. McDonald, William K. Protzmann, and Daniel F. Sheehan.

Celebrate 45th Anniversary

INDIANAPOLIS—Fred G. Appel, president Gregory & Appel agency in Indianapolis, and his associates were guests of the New York Underwriters at a luncheon in recognition of 45 years representation of the company by that agency. Present from the New York office were R. L. Tanner, vice-president and Harold C. Davis, assistant secretary, and also Junius M. Clark, executive special agent of the Chicago office.

Organize Public Speakers Bureau

CLEVELAND—The public relations committee of the Cleveland Board will be held Feb. 1 to organize a speakers' bureau. Insurance speakers will be provided to address various clubs and organizations in the city. George C. A. Hantelman, public speaking instructor of Akron, will speak on "The Unknown Power."

Iowa 1939 Losses Up \$566,000

DES MOINES—Iowa's fire losses increased \$566,259 in 1939, State Fire Marshal Strohm reports, with a total of \$4,745,090 against \$4,179,650 in 1938.

Dosdall Succeeds Campbell

MINNEAPOLIS—C. A. Dosdall, secretary St. Paul Fire & Marine, has been elected chairman of the executive committee of the Insurance Federation

of Minnesota to fill the vacancy caused by the death of Alexander Campbell of Marsh & McLennan. C. S. Laidlaw, vice-president Farmers Mutual, was named on the executive committee. A memorial to Mr. Campbell, one of the founders of the federation 25 years ago, was prepared by the committee.

Insurance Men Before Credit Group

MINNEAPOLIS—At the January meeting of the Minneapolis Association of Credit Men, F. W. Doremus, western manager American of Newark, Rockford, Ill., led a discussion in which several other insurance men participated, including O. J. Eastman, secretary Northwestern Fire & Marine; Lyle McKown and R. A. Thompson of Wirt Wilson & Co.; D. J. Luick, manager Connecticut General Life, and John W. Phillips.

Regional at Worthington, Minn.

E. F. Westrum, member of the executive committee of the Minnesota Association of Insurance Agents, addressed a meeting of the Southwestern Minnesota Agents Regional Association at Worthington on the activities of the state association. Others who spoke were Bradford Strom, district chairman of the state association, and Ed Swanberg of Worthington.

Joint Meeting in Wichita

The Wichita (Kan.) Insurors and Wichita Life Underwriters Association are holding a joint meeting Feb. 1 to discuss problems that are common to both life and fire interests and to develop better understanding between the two groups.

Wichita Insurors' Meeting

WICHITA—Curtis Sherman, handwriting and document expert, spoke at a meeting of the Wichita Insurors. E. J. Stewart, Topeka, chief engineer Kansas Inspection Bureau, was a guest. President Victor G. Henry reported on the meeting in Topeka of the executive committee of the Kansas Association of Insurance Agents, of which he is vice-president.

Kansas January Losses Set Record

Kansas is experiencing one of its most disastrous months for fire losses in recent years, which apparently will total nearly \$1,000,000 or over 40 percent of the total average annual loss of the past five years, due to a series of major losses in scattered points the first 17 days of the month.

Furgason Heads K. C. Patrol

KANSAS CITY—Frank Furgason has been elected president of the Underwriters Fire Patrol; Cliff C. Jones, vice-president; B. J. Fradenburg, secretary; Fred V. Griffith, treasurer; Raynolds Barnum and James B. Wallace, directors.

Richter & Schroeder Observe 20th

The Richter & Schroeder agency of Milwaukee is celebrating its 20th anniversary Feb. 1. The principals are August Richter, Jr., and Harry T. Schroeder.

Speakers for Insurance Buyers

MINNEAPOLIS—A. B. Jackson, assistant to the president of the St. Paul Fire & Marine, will address the Insurance Buyers Association of Minnesota Feb. 15. J. F. Reynolds, manager Minnesota Compensation Rating Bureau, will speak March 14. W. F. Somerville of the St. Paul-Mercury Indemnity will address the club May 9.

Arrange Fidelity-Surety Session

MINNEAPOLIS—J. M. Hannaford, Jr., chairman of the committee in charge of the Minnesota agents' mid-year meeting, March 7-8, announces that the final afternoon's program will be devoted to surety and fidelity lines. The Minnesota Surety Association has agreed to

take charge of this feature of the meeting and has named Robert A. Burns, St. Paul, and J. D. Twohig and Austin Caswell, Minneapolis, as a committee to arrange the program.

Hildebrand to Speak in Toledo

TOLEDO, O.—W. O. Hildebrand, secretary-manager Michigan Association of Insurance Agents, will speak at the Toledo Board's annual meeting Feb. 8.

Williams to Plan Federation Meet

MINNEAPOLIS—Wheaton Williams, vice-president Fred L. Gray Co., has been appointed chairman of the general committee to arrange the annual meeting of the Insurance Federation of Minnesota here in June. The plan is to make the event another "Minnesota Insurance Day" as was done last year.

Behnke Renamed at Sheboygan

SHEBOYGAN, WIS.—O. C. Behnke was reelected president of the Sheboygan County Insurance Agents Association at the annual meeting here. Other officers reelected were Anton Trimmerger, vice-president; R. N. Wagner, secretary-treasurer; E. C. Vasselos, H. A. Hintze, L. W. Schlieder and William C. Johann.

Middlewestern News in Tabloid

Fred C. Bracken, Sr., of Bracken & Bracken, Chicago insurance brokers, has been proposed by the regular Republican organization of the 34th ward for the office of ward committeeman in Chicago. This is Mr. Bracken's first entry into politics, although he has been prominent in social, civic and philanthropic affairs. He is a past president and director of the Insurance Brokers Association of Illinois and organizer of the 26 Club.

The Insurance Women of Wichita will hold their "Bosses Day" luncheon Feb. 6. Last week they joined with the Business & Professional Women's Club for a dinner meeting, with Miss Corinne Lasater of Pauls Valley, Okla., only woman director of the Farm Credit Bureau, as speaker.

R. L. Jester of the Jester & Sons agency, Des Moines, has been elected a director of the Iowa Building-Loan & Savings Association.

The annual get-together of the Insurance Agents Association of Kansas will be held Feb. 3.

A. E. Taylor, Great Bend local agent, was installed as vice-president of the Kansas Association of Real Estate Boards at a meeting in Hutchinson.

At the luncheon of the Sioux City (Ia.) Insurance Women's Association Maurice A. Fogg, Travelers, spoke on the fundamentals of health and accident insurance.

John E. Greenwood, president General Agency, Warren, O., has been reappointed to the civil service commission in his city. He has served six years. Mr. Greenwood is a past president of the Ohio Association of Insurance Agents and for some years has served as a director of the Excelsior.

C. W. Bowles has been named the active receiver for the Lapeer Farmers Mutual Fire under an order signed by

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Judge Carr of Ingham county circuit court, Lansing, Mich. He succeeds William G. Simpson, who was removed by Commissioner Emery. Mr. Simpson did not contest the action.

P. F. Lewis, Milwaukee agent and former field man, has been elected high priest of Tripoli Shrine Temple, Milwaukee.

An inspection of **Two Rivers, Wis.**, is planned early this year by the Fire Insurance Rating Bureau of Wisconsin, preliminary to a possible rerating from class six to class four.

The insurance firm of **Falconer, Dunbar & Picton** of Toledo, which was just recently incorporated, was originally founded in 1898 by H. W. Falconer. Until this time it has operated as a partnership between Howard O. Dunbar and Byron S. Picton, Mr. Falconer having retired about two years ago from active

interest in the agency. With formation of a corporation, William A. Cavanaugh, who has been associated with the agency for the past 10 years, has been admitted in an official capacity. He is recognized as one of the greatest producers in the Toledo district.

The **A. W. Van Auken Insurance Agency** and the **Schwahn-Khuen Insurance Agency of Saginaw, Mich.**, have combined and will be known as the **Schwahn-Van Auken-Graebner** with offices at 120 North Michigan avenue.

The **Case & West Agency** of Columbus, O., has acquired the **Pond Brothers Agency, Cleveland**. The Cleveland agency was formed 38 years ago by Col. D. H. Pond and his brother, the latter now deceased. The agency will represent the **Mayflower Mutual of Columbus**, recently acquired by John G. Case and associates.

IN THE SOUTHERN STATES

Contingent Plan Is Put to the S. E. U. A.

The Florida Insurance Agents Association house organ states that the matter of contingent commission in southeastern territory has been a subject near to the agents for many years past and on several occasions has been presented to the executive committee of the Southeastern Underwriters Association without fruitful results. There was a meeting held in Atlanta called by the Southern Agents Conference of which E. S. Moore of Birmingham is chairman. This was the day before the meeting of the executive committee of the S. E. U. A.

Seek Agreement

The Florida "Insur-Agent" says that the main subject of the conference was to agree on a plan for contingent commissions to be placed before the S. E. U. A. people. It states that two years ago a committee from the Southern Agents Conference submitted a plan to the Atlanta committee of the S. E. U. A. It had been devised by C. L. Gandy of Birmingham, former president of the Alabama association, and also a former president of the National Association of Insurance Agents. This plan, the "Insur-Agent" said, met with the full approval of the committee of the Southern Agents Conference and "received,

we thought, a favorable reaction of the S. E. U. A. committee. However, the plan was later turned down."

The Florida house organ states that the meeting scheduled to be held in Atlanta was originally planned for Pinehurst, N. C., last November during the semi-annual meeting of the S. E. U. A. but was postponed to allow the agents committee more time for the presentation of their plan. The "Insur-Agent" says: "The new committee has donned its fighting clothes and is prepared to present every forceful argument."

NOW BEFORE COMPANIES

ATLANTA—A proposal for contingent commissions, made by the contingent commission committee of the Southern Agents Conference, has now been taken under consideration by the executive committee of the Southeastern Underwriters Association. The proposal was submitted to the S.E.U.A. committee by Charles L. Gandy of Birmingham, committee chairman, and President O. M. Stallings of the Florida association. The subject has been one of discussion for many years.

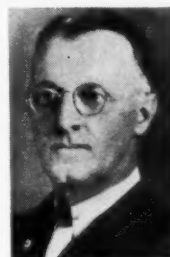
Educational Work Being Developed in Florida

The Florida Insurance Agents Association finds much interest in its extension courses which will get under way the latter part of this month or the first of February. This is intended as

a supplement to the short course school held each year, the Florida association being a pioneer in this work. The ten lecture courses have been devised for the extension work running from eight to 10 weeks. Ten local boards have so far requested classes and have estimated that over 400 will attend. There will be two circuits of five cities each, one circuit comprising Jacksonville, Daytona Beach, West Palm Beach, Fort Lauderdale and Miami on the east, and the other comprising Orlando, Tampa, Sarasota, St. Petersburg and Ocala in the central and west sections. The registration fee of \$3 will cover the entire course. There will be two lectures each evening running for 40 minutes with a discussion period of 20 minutes.

Asheville Agent Moves to His Own Building

Samuel J. Fisher, president of the North Carolina Association of Insurance Agents, and prominent local agent of Asheville, N. C., recently moved his offices from the Jackson building to his new agency home on Haywood street. Mr. Fisher feels that he is in a position to give better service to assured from every angle in his new offices. On the first floor, there is



S. J. Fisher

a reception room, Mr. Fisher's private office, the policy-writing room, and the file room. The second floor consists of three private offices, two of which are used by the claim department. The office force is composed of five employees in the regular insurance department and three in the claim department. The prompt and efficient handling of all claims is greatly facilitated by having the claim department in the same building, where access is had to policy files and other pertinent information. In addition to its other advantageous features, the new location affords policyholders adequate parking space. Mr. Fisher converted a residence into office quarters.

St. Petersburg School for Agents

ST. PETERSBURG, FLA.—The St. Petersburg Insurors Exchange at its annual meeting elected these officers: President, Lester D. Goheen; vice-president, Frank N. Robinson (re-elected); secretary, Walter J. Johnson.

The exchange will open a nine-weeks school for agents Feb. 7, the course to be conducted under the auspices of the Florida association. Classes will be held every Wednesday evening.

Bans Deferred Premium Riders

Fire Commissioner Hall of Texas has issued an order that no endorsements concerning deferred premium payments shall be attached to or made a part of fire and windstorm policies. The ruling eventuated from a hearing on the subject last Nov. 7.

Companies with farm departments operating in Texas have taken steps to induce the commissioner to modify the order so it will not interfere with the writing of farm business in the usual way.

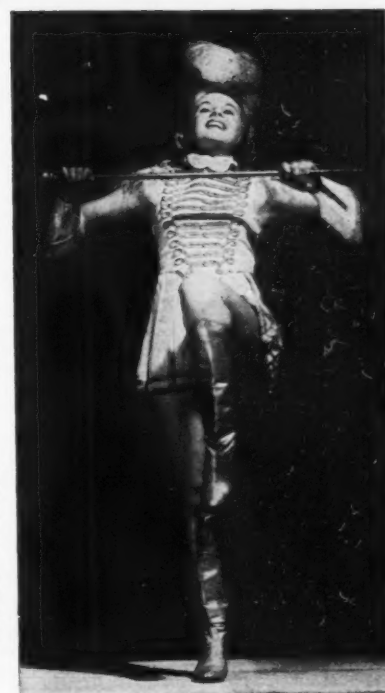
Norfolk Speakers Announced

F. L. Templeman, manager accident and health department Maryland Casualty, will speak on "Accident Insurance" at the regional meeting Jan. 30 of the Virginia Association of Insurance Agents. Other speakers are G. A. Peery, statistician Virginia corporation commission; S. P. Clark, chairman Virginia Field Club B. D. O. committee; Roger Clarke, Fredericksburg, past president Virginia association, and O. H. West,



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ONE OF THE TRAVELERS COMPANIES

manager Virginia association, who will speak on "Insurance Laws—1940 Session of the Virginia Legislature."

S. C. Annual Meeting May 16-17

The South Carolina Association of Insurance Agents will hold its annual meeting at Charleston, May 16-17. The first state-wide insurance school of the South Carolina association will be held at the University of South Carolina at Columbia, July 15-17.

Dallas Fire Prevention Council

DALLAS—The city council called heavily on the fire insurance fraternity in appointing its new fire prevention council. Alfonso Johnson, manager Dallas Insurance Agents Association, was reappointed, as were H. O. Smith, manager Texas Inspection Bureau; A. J. Bommer, engineer Underwriters Laboratories; T. L. Monagan, veteran Texas field man and Melvin Hall of Walter N. Hill & Co.

Tennessee Agents' Annual Meeting

NASHVILLE—Manager John D. Saint states that the annual convention of the Tennessee Association of Insurance Agents will be held either June 6-7 or June 13-14. Exact time, place and other details will be worked out at the meeting scheduled for Feb. 9.

Georgia Gains in Membership

SAVANNAH, GA. — John W. Carswell, Savannah, president Georgia Association of Insurance Agents, states that since October 57 new members and eight local boards have been added to the membership. He has sent a bulletin to all local boards giving instructions as to how to proceed with the insurance in connection with the various housing projects. Mr. Carswell will speak to the Augusta Board on Feb. 17.

A series of six weekly lectures on insurance is being held by the **Greenville (S. C.) Association of Insurance Agents**, under the direction of President J. E. Hart. All agents of the Piedmont district are invited.

W. C. Hunt, owner of the Fairfax Insurance Agency, Fairfax, Okla., has purchased the Clyde F. Lake agency, Pawhuska, Okla.

COAST

California Rule on Overdue Premiums Is Clarified

SAN FRANCISCO—Because a number of insurance companies are concerned as to their position under the provision of the insurance code which requires the collection of interest from policyholders on overdue premiums, Commissioner Caminetti has issued a memorandum pointing out that, while insurers must exercise reasonable diligence in securing the observance of this requirement by agents and must not knowingly violate any provisions, it would not be fair to require an insurer to audit the books of each agent or broker with whom it deals in order to determine violations. However, "if the insurer does not receive its money on time, its extension of credit to the agent or broker involved is, in effect, an extension of credit to the insured. This is obviously so in the case of the broker who is, by law, the agent of the insured, and is impliedly so in the case of the agent, for the agent is, in effect, operating upon the money of the insurer. Reasoning conversely, if the insurer did not extend the credit, the agent would not, or, if he did so, would have to pay for the money used, either directly by way of interest or indirectly by way of loss of income. From these conclusions it follows that where the insurer actually

extends credit to the broker or agent beyond periods permitted by Section 753, the insurer should receive from the agent or broker the interest due at the time of payment by the agent or broker, irrespective of whether the agent or broker, in fact, collects that amount of interest from the insured.

"The insurer need not concern itself further if: A. It receives the money from the agent or broker on time, or B. It does not receive the money on time, if it receives the earned interest charge in addition to the amount of premium due." On the other hand, the memorandum points out, "If neither of these conditions is met, it is believed that we would be fairly justified in taking the position that it had not been exercising reasonable diligence to secure the observance of Section 753."

Salinas Agent Sues Pacific Board for \$150,000

Xum H. Speegle, local agent of Salinas, Cal., has brought a suit against the Pacific Board and a number of individual companies for \$150,000 damages in the Monterey county superior court. He claims the Pacific Board and defendant companies conspired to injure his business by demanding that he cease to represent non-board and mutual insurers and that he cancel his broker's license. Speegle contends that the companies followed through by withdrawing from the agency and refusing to accept renewal business from him in October and November.

Speegle's attorneys are E. R. Solinsky and P. C. Boardman of San Francisco. In the 1940 edition of the Underwriters' Hand-Book of California, Speegle is listed as representing Agricultural, Franklin, Home F. & M., National Liberty, Newark, New Hampshire Fire and New York Fire Office.

"Courtesy" Transactions Are Analyzed by Committee

SAN FRANCISCO—Commissioner Caminetti has issued a memorandum in replying to the following query:

"1. May an insurer accept from an agent or broker an application for a line which it is not authorized to write and refer that line to another insurer and handle the entire transaction on its books for the particular agent or broker involved:

"(a) If it retains no part of the commission and handles the matter entirely as one for the convenience of the agent or broker, and

"(b) In the case of an agent, if the agent is properly licensed to receive a commission from the insurer with which the risk is finally placed."

Mr. Caminetti replied: "It is felt that this practice, although possibly subject to the objection that in order to act as an intermediary an insurer should be licensed as an agent or broker, is one which is not only unobjectionable from the practical standpoint but results in greater service to the public and should, therefore, be permitted."

Treats Countersignature Angles

As to the practice of "out-of-state offices of an insurer accepting an application from an out-of-state agent for coverage of California risks and either preparing the policy in the other state and sending it here for countersignature, or having the policy prepared and countersigned in California," the memorandum says: "we believe that there is no possible legal justification for permitting the continuance of this type of transaction."

Regarding the question as to whether California must concern itself with what becomes of the commissions received by a non-resident broker lawfully licensed to transact insurance as such in the state, the memorandum says: "It is common knowledge that non-resident brokers' licenses are secured many times for the sole purpose of conveniently handling business in this state

for agents, brokers or solicitors situated in other states, and it is felt that if, in fact the non-resident broker splits a commission with a person in another state by the laws of which such splitting is not improper, it is no concern of ours. On the contrary, if the disposition of the commission by a non-resident broker in another state would result in the violation of the laws of that state, it is felt we should regard it as a violation which would subject the licensee to disciplinary proceedings in this state."

Rules on Merchant's Aid

In another memorandum, the commissioner states that merchants who ask purchasers if they wish the article purchased insured and who state they know an agent who can properly handle the matter if the purchaser desires insurance, but who do not receive any part of the commission nor any other remuneration for this service, are merely rendering the courtesy of a proper service for which no charge is made, and do not violate the insurance code.

"However, if the merchant was supplied with, and took, written applications, or performed any other acts (in addition to those above given) which would be a solicitation for an agent, or received any portion of the commission or any other form of remuneration, it would be an insurance transaction within the meaning of the section," he stated.

F. U. A. P. Adds Speakers and Completes Program

SAN FRANCISCO—With the addition of four speakers, the program for the annual meeting of the Fire Underwriters Association of the Pacific, to be held here Feb. 7-8, is now complete.

Henry E. North, vice-president Metropolitan Life, will deliver the "key-note" address on "Salesmanship," James H. Rea, engineer Pacific department, North America on "Plane Hazards," dealing particularly with hazards in the airplane manufacturing industry; Paul F. McKown, manager Pacific department, St. Paul Fire & Marine on "Have our Rates Reached the Crossroads;" and Harry F. Badger, executive secretary Pacific Board, on "Earthquake Problem—Observations of a Rating Bureau Official."

Rogers Salt Lake City Chief

SALT LAKE CITY—Jay A. Rogers, Rogers-Evans Co., was elected president of the Fire Underwriters Association of Salt Lake City at the annual meeting, succeeding Rulon H. Sanders, Alder-Sanders-Wallace. Other officers chosen were: N. L. Herrick, Gadis Investment Company, vice-president, and E. F. Folland, J. B. Moreton company, reelected secretary-treasurer. Members of the executive committee elected are A. E. Burgener, Union Trust Company; W. E. Sondrup, Gordon-Weggeland Company; E. Hugh Miller, Tracy-Loan & Trust, and Mr. Sanders.

Barsotti Heads Banquet Committee

SAN FRANCISCO—C. L. Barsotti, Pacific Coast manager Fire Association, is chairman of the committee in charge of arrangements for the annual banquet of the Fire Underwriters Association of the Pacific Feb. 8, the closing evening of the annual meeting. As in previous years the "tariff" is \$5.50 for members and \$12.50 for guests eligible for membership and residing in the territory covered by the association.

Expiration Suit in Spokane

SPOKANE, WASH.—J. L. Cooper & Co. has filed an injunction against the Anchor Security Company, H. D. Gimble and S. J. Corkery in superior court here. The Cooper company charges that it bought Mr. Corkery's insurance business and engaged him to handle its insurance department. Later Mr. Corkery left its employ and went over to the

Anchor Company or the Gimble Company, which have the same offices. It is charged that Mr. Corkery took with him a list of the expirations and other data from the Cooper company's office and began soliciting expirations. An accounting of all insurance business secured by the "wrongful" solicitation is asked and an injunction is sought enjoining the defendants from soliciting business from its expiration lists or from soliciting business from Mr. Corkery's former clients.

North Is Forum Speaker

SAN FRANCISCO—H. P. North, assistant director of the Business Development Office, spoke at the monthly meeting of the Fire Underwriters Forum on consumers' cooperatives, the profit motive in business and available services of his organization.

Oregon Agents Sponsor Course

PORTLAND, ORE.—The second term of the property insurance course sponsored by the Oregon Insurance Agents Association got under way with 60 students. The first subject was "Fire Insurance Financial Statements," George W. Haerle, Charles W. Sexton Company, president Oregon association, conducted the meeting.

Tanner and Davis on Coast

R. L. Tanner, vice-president, and H. C. Davis, assistant secretary of New York Underwriters, are visiting the Pacific Coast department this week.

Pacific Coast Briefs

The **Montana Association of Insurance Agents** has set Aug. 23-24 as the tentative dates for its annual convention.

A. A. Comrie, vice-president and manager Charles W. Sexton Company, Portland, Ore., is on a six weeks eastern trip.

J. T. Brennan, assistant manager of Seeley & Co., Seattle, has been elected vice-president. He has been with the agency since 1924.

Addison P. Knapp is chairman of the joint committee of the Insurance Exchange of Portland and Oregon Insurance Agents Association on matters concerned with joint operation of their offices.

Under a ruling of the **California department**, where it becomes necessary for an applicant for an agent's or broker's license to file an amended application, a charge of \$1 is to be made.

As a result of the present efficiency of the **San Bernardino, Cal.**, fire department, the fire rate increase has been removed from property in that city. The increase was made last year as the result of the condition of the department. However, following a survey by Jay W. Stevens of the National Board improvements were made, with the result that the rates were put back to the old level.

J. H. Martin, assistant manager Standard Forms Bureau, addressed the **San Francisco Insurance Women's League** on "Fire Insurance Fundamentals." G. A. Yocum, assistant manager Fidelity & Guaranty Fire, will discuss "Endorsements and Office Efficiency" Feb. 15.

O. L. Zeus, assistant manager of the Travelers, group department, addressed members of Insurance Post 404 of San Francisco on the social security act.

Conventions

Feb. 7-8—Fire Underwriters Association of the Pacific, Fairmont Hotel, San Francisco.

Feb. 9—Tennessee Agents Midyear Meeting, Nashville.

Feb. 19—Pittsburgh Insurance Day, William Penn Hotel, Pittsburgh.

Feb. 20—Illinois Insurance Federation, Union League Club, Chicago.

Feb. 29-March 1—Insurance Advertising Conference, Biltmore Hotel, New York City.

March 7-8—Minnesota Agents Midyear Meeting, Curtis Hotel, Minneapolis.

EASTERN STATES ACTIVITIES

Cooperatives Hold Annual Conclave

SYRACUSE, N. Y.—The New York State Central Organization of Cooperative Fire Insurance Companies met here this week. G. W. Hedlund, extension economist at Cornell University, gave an address. Speakers at the banquet were J. H. Hanley, temporary president New York State senate, and J. D. Barnum, publisher Syracuse "Post-Standard." F. P. Tucker, secretary of the Cooperative Underwriters, R. J. Chase, past president of the association, and Harry P. Cooper, secretary National Association of Mutual Insurance Companies, were on the early program. Other speakers were:

E. J. Ballinger, secretary New Jersey State Association of Mutual Fire Insurance Companies; Guy C. Eaby, secretary and treasurer of the Pennsylvania State Association of Mutual Insurance Companies; G. W. Lamb, president of the Springfield Bank of Cooperatives; Joseph E. Kennedy, executive secretary Wisconsin Mutual Insurance Alliance; Whiton Powell, professor of business management, Cornell University. In addition to the listed speeches was a discussion of "Cooperative Windstorm Protection for New York State."

R. V. Gage of Esperance is president of the association and H. M. Stanton of Greenville secretary.

To Iron Out Boston Rating Complaints

NEW YORK—The irritation felt by some of the Boston agents over the reputed failure of the management of the New England Fire Insurance Exchange to adopt some of their suggestions as to rating methods in the metropolitan area, company officials here believe, can and will be amicably adjusted through future conferences between the local representatives and Ralph Sweetland, manager of the association. Company men point out that the same complaints were heard from Pennsylvania agents, when the several rating bodies in that state were consolidated some years ago. That arrangement not only effected a very substantial saving in expenses to the member companies, but materially increased the effectiveness of the rating service in the territory.

Lightning Clause Is Held Broad Enough to Cover

Damage which was directly caused by rain that fell through a hole in the roof that was torn by a lightning stroke was held to be covered under the lightning clause in the standard fire policy by the appellate division of the New York supreme court, first department, in denying application of the Royal for leave to appeal to the court from judgment of the appellate term affirming the jury's verdict. This makes the appellate term's judgment final. The case is Anna Kaplan vs. Royal.

The company maintained in the trial and in the appellate court that any damage which resulted was caused not by lightning but by windstorm, which was expressly not covered. The claim was for damage to household effects, the assured not owning the building.

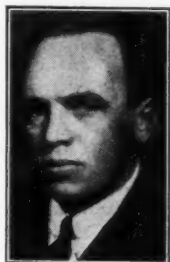
It was testified in the trial that the first lightning stroke tore a hole in the roof and the damage to household effects was caused by fall of rain and plaster. No claim was made for wind damage. Anna Kaplan's counsel contended the company's claim that damage to household effects was caused by wind or windstorm was unwarranted and unsupported as damage by falling rain or plaster after the lightning had

struck was not among the risks excepted in the policy.

The question raised on appeal was whether in a case where the primary cause of loss, a lightning stroke, which tore a hole in the roof, and the secondary cause superimposed and following thereupon was rain, the lightning could be held the direct cause of the loss where the secondary cause, rain, was not excluded from coverage.

Factory Association to Observe 50th Anniversary

NEW YORK—The annual meeting of the Factory Insurance Association to be held at the Waldorf - Astoria Hotel here Jan. 25 will mark its 50th anniversary. Attendance at the gathering, always large, is expected to be unusually so. The feature of these meetings is the report of Manager H. P. Smith and the election of officers. J. K. Hooker, vice-president of the Automobile, is now serving as president.



J. K. Hooker

Townsend Agency Moves

James W. Townsend & Son, Glen Cove, L. I., agency, has moved into modern quarters in the Glen Cove Trust Company building. The agency is celebrating its 40th anniversary. It was established by James W., who took his son, Frank B., into the business in 1930. The latter became president on the death of his father. Dr. J. C. Townsend, great great grandfather of the present agency head, was one of the founders of the Glen Cove Mutual in 1837 and its president until his death.

Name Pittsburgh Luncheon Speaker

PITTSBURGH—A talk on "American Profit System or Cooperation, Which?" by T. W. Bethea of New Orleans will be a feature at the luncheon of the Pittsburgh Insurance Day program Feb. 19 in the William Penn Hotel.

Mr. Bethea is recognized as an authority on the cooperative movement. He spoke to the casualty convention at White Sulphur Springs last fall. He will appear through the courtesy of the New Orleans Insurance Exchange. Mr. Bethea is a member of the International Association of Insurance Counsel.

Preparations are being made to take care of an attendance of more than 1,000 at the luncheon.

Ersine Speaks at Fall River

FALL RIVER, MASS.—Kenneth Ersine, Boston manager Liverpool & London & Globe, spoke to the Fall River Board upon the value of strong local boards.

Redfield Heads Springfield Board

SPRINGFIELD, MASS.—The Springfield Board of Fire & Casualty Underwriters has elected Raymond S. Redfield president; R. A. Baldwin of Welch & Baldwin, vice-president; Malcolm C. Sherwood, secretary, and K. B. Page, treasurer. Max Skvirsky, William F. Kelly and A. W. Fuller were named on the executive committee.

Deisseroth Heads Bruns Agency

A. C. Deisseroth was elected president and treasurer of Bruns Company agency, Syracuse, N. Y. He has been vice-president and general manager since the death of F. V. Bruns in 1935. J. F. Bruns was elected vice-president and Kate V. Bruns, secretary. Mr. Deis-

seroth has been in the insurance business since graduation from Syracuse University in 1921.

Jordan Is Worcester Speaker

WORCESTER, MASS.—W. T. Jordan, general agent Fidelity & Guaranty Fire, addressed the Worcester Board on direct writers as a part of the program of public relations of the Bay State Club of Boston.

N. J. Membership Growing Rapidly

NEWARK—The membership of the New Jersey Association of Underwriters, which at last reports had reached 824, is growing rapidly and it is hoped that before the annual meeting in September it will have reached the 1,000 mark. D. M. Pearsall of Westfield is chairman of the membership committee.

New Jersey Women Gather

W. H. Brewster, National Bureau of Casualty & Surety Underwriters; C. J. Hershe, Fidelity & Guaranty Fire, and Walter Schryver of Schryver & Geyler, Newark managers U. S. F. & G., addressed a luncheon meeting in Newark of the Insurance Women of New Jersey. Mr. Schryver and members of his staff talked on automobile insurance.

Pa. Department Promotions

A. C. Boysen has been promoted from principal examiner of the Pennsylvania insurance department to deputy secretary and J. J. Turner from examiner to principal examiner. Many other employees have received salary increases.

The annual entertainment and dance of the Insurance Square Club of New Jersey will be held in Newark Feb. 23.

Harold P. Janisch, executive manager Associated Agents & Brokers of Boston, addressed the students of Springfield College, Springfield, Mass. Later in the year he will conduct an insurance lecture course there.

CANADIAN

Canadian Fire Losses Down 9.5 Percent for 1939

TORONTO—While official government figures on Canadian fire losses will not be available for some time, adjusted weekly losses taken from week to week during 1939 indicate a decline of 9.5 percent from the 1938 total. Losses are estimated at \$23,415,550 as compared with \$25,899,180 for 1938.

Lower fire losses brought about a reduced insurance loss ratio compared with premiums earned. The ratio, which rose from 36.2 percent in 1936 to 42.87 in 1938, is expected to be around 38 percent for 1939. The Ontario preliminary report shows a reduction of 19.4 percent for the province to an all-time low of 34.8 percent of net premium income.

Hail Writing Companies Had Good Year in Canada

TORONTO—Companies writing hail insurance in western Canada had a profitable year in 1939, according to reports to the Canadian Hail Underwriters Association. These results show an average loss ratio of 22.03 percent for the year, as compared with 74.95 percent for 1938.

Total premiums in 1939 were \$1,563,731, far ahead of the \$1,005,891 received the year before. This is partly due to the inclusion in the 1939 figures of premiums of the Home of New York group.

Premiums, losses and loss ratio in Manitoba were \$282,278, \$87,712 and 31.07 percent, compared with \$165,825, \$133,386 and 80.43 percent for 1938; for Saskatchewan, \$964,583, \$193,542 and

20.06 percent, against \$496,449, \$392,426 and 79.04 percent; for Alberta, \$316,870, \$64,385 and 20.31 percent, against \$343,617, \$228,156 and 74.95 percent.

H. W. Hughes has been appointed manager of the casualty department of Lukis, Stewart & Co., Montreal, succeeding E. M. LeMessurier.

The Toronto Inter-Insurance Exchange of Duluth has withdrawn from Canada, all policies having expired. It has applied to the minister of finance for release of securities on deposit as all liabilities in Canada have been liquidated.

MOTOR

Fischer Warns Auto Finance Companies

DES MOINES. — Commissioner Fischer of Iowa has issued a warning to automobile finance companies selling insurance that unless their standards are raised they face a revamping of their entire insurance program.

Mr. Fischer indicated that a remedy for unjustified insurance selling would not be sought through new legislature but through more punitive measures such as rejection of their licenses to operate in the state.

The commissioner said he felt that automobile finance companies had failed to meet the standards of the established insurance agents largely because (1) they are apt not to know what coverage the applicant wants (2) they seldom know the rates, and (3) frequently they sell the customer only enough protection for a sufficient coverage on the mortgage they hold.

Agrees with Harrington

Mr. Fischer said he was in agreement with the statement by Commissioner Harrington of Massachusetts who denounced the "growing evil of finance company or holding company ownership of insurance companies." The Iowa commissioner said he felt that unless the situation is corrected more regulatory measures will be forthcoming.

Mr. Fischer said one of the strongest objections he has to automobile finance companies handling the insurance is that they sell only enough insurance to cover their needs and fail to protect the customers outside of fire, theft and collision which was for their own needs.

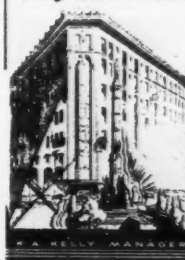
Mr. Fischer said that the main difficulty encountered in Iowa was misrepresenting and selling insurance policies to customers without their knowledge of what they were buying.

Files Deviation Schedule

NEW YORK—As United States managers of the Alliance of London, Chubb & Son of this city filed with the New York department a deviation rate schedule applicable only to automobile finance business in the state. The schedule provides a reduction of 30 percent from manual for the fire, theft and comprehensive features of coverage, and 20 percent off for collision. The commission allowed is 10 percent.

No statistics as to the percentage of financed business to the total automobile

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writings are available. The assumption is, however, that it exceeds a third in New York State, and probably a lesser percentage for the country as a whole. Many of the major finance accounts originate here and are placed in two or three insurance companies specializing on this type of insurance.

Gene Hogle, director of the department of public relations of National Automobile Club, San Francisco, was a special guest at the annual convention of the California Newspaper Publishers Association at Coronado, Cal.

MARINE

Marine Rate Must Exceed Fire: IMUA

NEW YORK—The Inland Marine Underwriters Association has taken the position that an inland marine rate, since it contemplates more coverage than that provided under fire insurance, should always be higher than the fire insurance rate for the same property under the same conditions. A resolution adopted by the executive committee states that the rate on property "usually or habitually located on premises at regular location(s) during the time the assured has an insurable interest therein, shall in the absence of I. M. U. A. rates, carry a premium in excess of the estimated cost of specific fire insurance (tariff basis) for the average values at risk at the locations involved."

The resolution states that allowance for 100 percent coinsurance in fire insurance rates may be included provided the inland marine policy provides for full insurance to value and also states that the rule shall be subject to reconsideration if any change is made in agency commission rules of any fire underwriting association. Monthly rates for reporting forms are required by the resolution to produce a premium in excess of one-twelfth of the premium obtained by applying the annual fire contents rate to the average values at risk. Term rates may be used as the basis

for inland marine policies of the same term, provided the full premium is to be paid in advance.

A special committee of five is called for by the resolution. This committee is to have authority to pass on deviations or waiver "in specific cases that may be warranted without jeopardizing the fundamental thereof."

This action recalls the charges often made during the pre-I. M. U. A. days that inland marine departments were used as rate-cutting devices on large risks. Before reporting forms and inland marine underwriting were stabilized, it was said that fire underwriters lost risks to inland marine departments of their own companies, at less than the fire insurance rate and with broader coverage. In recent years, the same charge was made in connection with art gallery and museum risks in Cincinnati and Milwaukee, both of which risks were surrendered after legal action. Several insurance commissioners have taken the position that the fire insurance rate on anything but property which has no fixed abode must be the basic rate and that inland marine rates must be sufficiently higher to compensate for the additional coverage. The I. M. U. A. resolution accordingly puts the association behind these views.

Promotions Made by the Automobile

The Automobile and Standard Fire of Hartford promoted Don M. Perry to manager of the ocean marine department and L. C. Eggleston to superintendent of the inland marine loss department at the home office.

Born in New York City, Mr. Perry was employed in the marine loss department of the Standard Marine from 1912 to 1914. From 1914 to 1922 he was assistant manager of the marine department with Frenkel & Co., in New York City. He went with the Automobile in 1922 and helped establish the agency ocean marine loss department. In 1923 he was also placed in charge of the New England ocean marine underwriting department and in 1926 became ocean marine underwriter, relinquishing his former duties.

Mr. Eggleston joined the automobile department on May 1, 1914, and was later transferred to the inland marine department. He returned from the army in 1919 and took up his duties in the inland marine loss department. He will continue to act as first assistant to W. F. Heley, manager of the inland marine loss department.

Defer Resignation of Fireman's Fund

Resignation of Fireman's Fund and affiliated companies from the Inland Marine Underwriters Association has been delayed until March 31. That extension of the effective date of the resignation was made following conferences in New York between I. M. U. A., and President C. R. Page and other officials of Fireman's Fund. The purpose was to permit time for further study and to develop plans for a solution. The effective date of the resignation, which was announced Dec. 9, was to have been Jan. 1, but this was set ahead to Feb. 1. The reason for the resignation never has been made public. President Page in announcing the resignation last year left announcement of the causes of the controversy to the I.M.U.A., which declined to make a statement.

Arose Over Chicago Situation

However, it is common knowledge, and was so reported in THE NATIONAL UNDERWRITER last December, that the difficulty arose over agency arrangements in Chicago. I.M.U.A. since its organization had postponed action until last December on a proposal to approve

W. A. Alexander & Co. of Chicago as an agent of Fireman's Fund for inland marine business on the basis under which the agency had been operating for some time.

Fireman's Fund contended Alexander & Co. discharged full supervising agency functions and was entitled to the proper agency commission that was enjoyed by several other offices that had been approved by I.M.U.A. However, the organization finally ruled Alexander & Co. could not remain on that basis.

Fireman's Fund officials feel a matter of principle is involved and on this they are expected to make little or no concessions.

Changes in Marine War Risk Rates Announced

NEW YORK—Under a revision of the trans-shipment provision of the schedule of marine war-risk rates, effective Jan. 20, the following regulations govern:

Two full voyage rates will be charged on all risks trans-shipped at ports in the United Kingdom, Irish Free State, Continent of Europe Gibraltar to Norway inclusive, France Mediterranean, French Morocco, Algeria, Tunisia, Malta, Corsica and Cyprus. All such transshipments must go to the company for special quotation.

On all other double voyages the highest port of call rate, or the highest leg of the voyage rate, or the through rate, whichever is the highest, will be charged. In no event is less than the through rate to be charged on shipments on vessels calling at a port or ports taking a higher rate than the voyage rate, the highest port of call rate will be charged.

Hull Rates Are Increased 13.6% Following Sept. Raise

An increase of 13.6 percent in hull rates has been decided upon by the joint hull committee which is composed of company and Lloyds underwriters. This is in addition to the 10 percent rate increase of last September. The increase is prompted by the serious marine casualties that have occurred in addition to the war losses.

The annual election and banquet of the Association of Marine Underwriters of San Francisco will be held Feb. 2. W. J. Tomlinson of Talbot, Bird & Co. is president. The annual meeting of the Board of Marine Underwriters will be held Feb. 13.

H. E. Sayre, president of Newhouse & Sayre, and Mrs. Sayre are vacationing at Sun Valley, Ida.

Sim E. Wherry, who has just become manager of the southern California office of the Home, was the guest of honor at a luncheon tendered by the office force in Los Angeles, with more than 50 in attendance.

Sidelights on Glens Falls 90-Year History Presented

(CONTINUED FROM PAGE 5)

days through sparsely settled regions in northeastern New York he drove a horse and buggy inspecting risks. In 1904 he was called to the home office as assistant secretary. He opened up Canada for the Glens Falls in 1914, was elected a vice-president in 1915 and five years later, president. Mr. West has made material contribution to his organization's progress, establishing bonus and pension systems. He was active in forming reinsurance pools in the early days of the World War when the big German and Russian reinsuring companies withdrew from business.

In contrast to Mr. West's horse and buggy, Mr. Smalley was the first special agent in western New York to use an automobile in his work. After serving in the field from 1906 to 1919, Mr. Smal-

ley went to the home office in 1919 as assistant secretary. He was elected president in 1929.

Tribute Paid to S. J. Horton on His 20th Anniversary

(CONTINUED FROM PAGE 4)

Board, who introduced the toastmaster, Eugene S. Davis, past president.

The high esteem in which Secretary S. J. Horton is held was expressed by those who have had intimate contact with him during his service with the board. Tribute was paid to his unflinching loyalty, dependability, high ideals, judgment, conscientious consideration and democratic friendliness. Mr. Horton has been of inestimable value to the younger element in helping them over the obstacles and problems of their business paths.

Born in Ireland, Mr. Horton was educated at the University of Dublin, and spent several years with the Union Assurance in Dublin and other parts of the British Isles. In 1907 he went to Canada where he was employed by the Atlas Assurance until 1910 when he came to the United States. In this country he engaged in field work for many years, at different times with the Franklin Fire, Northern of London and New Hampshire Fire in New Jersey, New York, Iowa, Nebraska, South Dakota, Missouri, Kansas and in the Rocky Mountain field. He was with the Northern as Ohio special agent before resigning to become secretary of the Cleveland Board at the end of 1919. With this background, Mr. Horton knows the problems of the company as well as the local agent.

Many Accomplishments

The accomplishments of the Cleveland Board under Mr. Horton's tenure in office have been many. When he joined the board at the start of 1920, it had a membership of 162. Today it has grown to 219. The organization itself is the oldest existing trade organization in Cleveland, having been formed in 1846.

The board under Mr. Horton has been active in keeping abreast of the agent's problems and in meeting conditions as they occur. One of the major accomplishments was the closing of the Home and Royal branch offices in Cleveland with the cooperation of the companies concerned, thus converting the activities of board companies to the American agency system.

As an individual, Mr. Horton's chief recreation is music. In his earlier days he won outstanding recognition as a baritone. Among his treasured possessions is a gold medal won at the Irish Music Festival at Dublin in 1905. The year before, the tenor award in that same competition was won by John McCormack.

The Cleveland Board presented Mr. Horton with a wrist watch and a testimonial.

Testimonials were read from T. B. Sellers, Ohio Inspection Bureau; Ivan Escott, vice-president Home of New York; F. S. Dauwalter, National Board; and C. F. Thomas, secretary-manager Western Underwriters Association.

Kenneth C. Rowland, president Toledo Board, presented to Mr. Horton a resolution of congratulation adopted by the board. T. M. Geoghegan, president Cincinnati Fire Underwriters Association, presented a floral tribute on behalf of the association. J. M. Shaw presented a floral tribute for the Ohio Inspection Bureau. A wire of congratulations from Governor Bricker of Ohio was read. Letters and wires of regret and congratulation were read from Wellington Potter of Rochester, N. Y., Allan I. Wolff of Chicago, and E. W. Hotchkiss of the Royal.

Scope of Rain Insurance

Some agents, especially in the northern states where it is freezing weather in the winter, do not solicit any rain insurance. Yet rain insurance coverage applies to snow, sleet or hail. There are losses that are due to any of these causes.

MARINE OFFICE OF AMERICA



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